

The Global Newspaper Edited and Published in Paris

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Algeria... London... Paris... Washington... New York...

Bonn Outlines Economic Plan

By Joseph Fitchett... Bonn—Reaction to West Germany's plan to boost economic growth was muted Wednesday...



CAMBODIAN RIVALS — Prince Norodom Sihanouk, the Cambodian resistance leader, left, greeting Prime Minister Hung Sen, who heads the government, before talks Wednesday in Fere-en-Tardenois, France. Page 2.

Reagan Charges A New Violation By Soviets of 1972 ABM Pact

By R. Jeffrey Smith and Don Oberdorfer... WASHINGTON — Six days before his summit meeting with Mikhail S. Gorbachev, President Ronald Reagan charged the Soviets with a new violation of the Anti-Ballistic Missile Treaty of 1972.

Soviet Effort to Fragment West Is Foreseen

By Joseph Fitchett... BRUSSELS — U.S. and European experts believe that Mikhail S. Gorbachev might make spectacular offers at the U.S.-Soviet summit meeting in Washington next week...

Will Taglish Ever Replace English? In Manila, There's Plenty of Choice

By Seth Mydans... MANILA — Back in high school, Ponciano Pineda was a dutiful boy who spoke only English. In fact, he was a monitor who fined his fellow students if he caught them speaking their indigenous language.

Hungry Kremlinologists Find Bounty in Glasnost

By David Remnick... WASHINGTON — Like a sports statistics junkie clutching the new spring issue of "The Baseball Abstract," Murray Feshbach is a middle-aged man in debt heaven.

Israeli Soldiers Cited for Laxity

JERUSALEM (WP) — General Dan Shomron, chief of staff of the Israeli Army, announced disciplinary action Wednesday against three officers and another soldier after last week's raid by a lone Palestinian commando who killed six Israeli soldiers.

Doing 'the DB' Helps D.C. Go Round

By Barbara Garnarckian... WASHINGTON — Washingtonians have a way of dealing with invitations to parties they know will be either a crush of warm bodies or a crashing bore.

Defense Secretary Frank Carlucci warned NATO on U.S. outlays Wednesday.

WASHINGTON (AP) — Defense Secretary Frank Carlucci warned NATO on Wednesday that the United States would not be able to meet its obligations under the alliance's defense spending guidelines.

U.S. Home Sales Fell 1.5 Percent in October

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Dow close: UP 6.63 The dollar in New York: DM 1.646 1.82 Yen 132.45 FF 5.593

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# Chun Sees North Korea Role in Jet Crash

By Fred Hiatt  
Washington Post Service

SEOUL — President Chun Doo Hwan of South Korea said Wednesday that evidence was growing that North Korea planned the sabotage of a Korean Air jet that apparently crashed in Burma Sunday.

The Korean Air jet disappeared while flying from the Middle East to Bangkok. South Korean officials now believe that the plane was destroyed in midair by a bomb, killing all 115 people aboard.

Mr. Chun said Wednesday that preliminary Japanese investigations appear to tie North Korea to a still unidentified Asian couple that traveled on the jet on the first leg of its flight and then swallowed suicide pills when questioned by police.

"It is a plain fact that North Korea has intensified its provocative moves to obstruct the Seoul Olympics and the upcoming presidential election," Mr. Chun said. The country's first direct presidential election in 16 years is set for Dec. 16.

The 1988 Olympics are scheduled to take place in Seoul next September, but North Korea is trying to have some of the games

moved to Pyongyang, the North Korean capital.

Many people here said that the bizarre and tragic end of flight 858 is likely to help Roh Tae Woo, the ruling Democratic Justice Party candidate, in the election if North Korean sabotage is confirmed, in his campaign. Mr. Roh, who has Mr. Chun's backing, has emphasized the importance of stability and continuity to contain North Korean aggression.

A spokesman for the ruling party, Lee Min Sup, issued a statement saying the incident should serve as a warning to political leaders "who do not hesitate to make such remarks as will harm the security posture of the nation."

Evidence of North Korean involvement remained tenuous and circumstantial Wednesday night. Wreckage of the jet, believed to lie in jungle near the Burma-Thailand border, has not been found and the cause of the apparent crash remained speculative. Earlier reports that the downed plane had been spotted proved false.

The Japanese police, meanwhile, disclosed new details that appeared to link the two mysterious Asian passengers to a Korean resident of Japan who was involved in a North Korean spy ring several years ago

and has been missing since. Officials said that the Asian couple, traveling as father and daughter on forged Japanese passports, would have had an opportunity to plant a bomb on the jet as it traveled from Baghdad to Abu Dhabi, where they left the plane.

The "father" was traveling under a passport in the name of Shinichi Hachiya. When questioned about the incident Tuesday in Bahrain, the man swallowed a poison pill and died four hours later.

The police believe that the man's true identity may be Akira Miyamoto, an acquaintance of the real Mr. Hachiya, who is still living in Tokyo. The real Mr. Hachiya told the Japanese police that Mr. Miyamoto borrowed his identity papers and personal seal in 1983 and his passport in 1984. He could have obtained a passport in Mr. Hachiya's name on one of those occasions.

Mr. Miyamoto, in turn, is a Korean native who was linked to a North Korean spy ring in 1985, the police said. The police found code books, disappearing ink and other signs of spy equipment in Mr. Miyamoto's apartment in March, 1985, but they have been unable to find him.

The young woman traveling with

her "father," meanwhile, remained in a Bahrain hospital Wednesday and has not been questioned. She had traveled with a forged passport in the name of Mayumi Hachiya, and the police said they do not know her true identity.

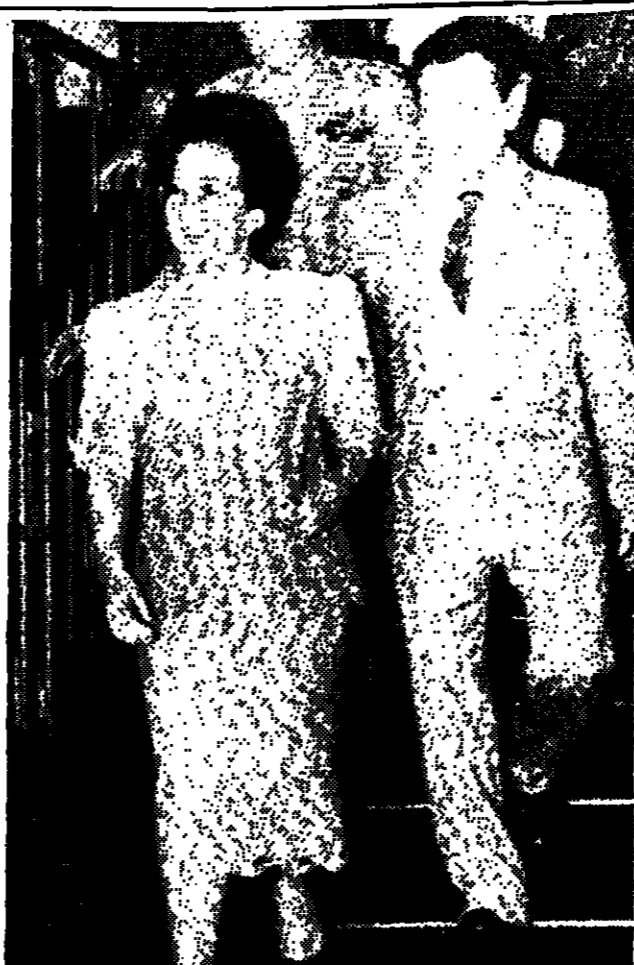
Officials waiting to interrogate the woman at the Defense Force Hospital in Bahrain said Wednesday that her condition had worsened and it had not been possible to question her, Reuters reported. "She is not in a position to talk," one said.

[The Japanese chargé d'affaires there, Takeo Naitsume, said, "She was stable before but her condition was aggravated today. She is still critically ill." A Japanese source told Agence France-Presse earlier Wednesday that the woman had regained consciousness.]

North Korean media have not reported the plane crash, according to officials here.

The two Koreas have maintained a hostile truce since their civil war ended in 1953, but North Korea has launched sporadic and unpredictable attacks against the south during that time.

In 1983, four cabinet ministers and 13 other South Koreans were killed by a bomb in Burma. Burmese officials concluded that North Korean agents were to blame.



TOGETHER AGAIN — President Corazon C. Aquino of the Philippines leads Vice President Salvador H. Laurel down the steps Wednesday after meeting Cardinal Jaime L. Sin in Manila. It was the first Aquino-Laurel meeting since he resigned as foreign secretary.

# Manila May Bar Australian Reporter For Criticism of Investment Climate

By Keith B. Richburg  
Washington Post Service

MANILA — The government of President Corazon C. Aquino, in an unusual move against the press, has ordered an Australian journalist expelled from the Philippines for writing articles criticizing the country as a bad place for business investment.

The expulsion order against Michael Byrnes, correspondent of the Australian Financial Review, was considered startling because Mrs. Aquino campaigned for office on a pledge to restore press freedom and not to resort to the same heavy-handed methods of controlling the media as her predecessor, the deposed president Ferdinand E. Marcos.

Late on Wednesday, however, there was uncertainty within the government as to whether the order would actually be carried out.

The order for Mr. Byrnes's expulsion, from the immigration office here, was based on a telex recommendation from the Philippine ambassador to Australia. The Byrnes article, published in the Nov. 26 issue of the review, said that Australian investors "should be more selective and informed, concentrating on the successful economies of the region and avoiding the lemons."

At one point in the article — a

regionwide look at business conditions in Southeast Asia — Mr. Byrnes called the Philippines "a massive time-waster."

Philippine government officials said Mr. Byrnes's articles were "subversive" and aimed at discouraging Australian businesses from coming here.

Mr. Byrnes, who said he writes "realistic, straightforward" articles on the Philippines economic scene, in the past has been sharply critical of government corruption. In a Nov. 12 commentary, he called the Philippines one of the most corrupt countries in Asia.

Foreign Secretary Raul Manglapus last night upheld the expulsion order — overruling an earlier move by Press Secretary Teodoro Benigno to rescind it. But at the same time Mr. Manglapus invited Mr. Byrnes to appeal.

Mr. Byrnes, 39, said earlier that the move against him was "political" and he would leave the country Thursday. But after Mr. Manglapus's request, Mr. Byrnes formally appealed the expulsion order last night, according to CBS News correspondent Gabino Tabumar, who is president of the Foreign Correspondents Club of the Philippines.

The last journalist ordered expelled from the country was a correspondent for the Far Eastern Economic Review in 1977. Mr. Ta-

bunar said he managed to work quietly with Marcos officials to get the order overturned on appeal. In 1979, Mr. Marcos barred the then-Manila bureau chief for the Associated Press from re-entering the country after leaving for a vacation in Hong Kong.

Since Mrs. Aquino came to power in February 1986, the Philippines has been widely considered to have the freest and liveliest press in the region.

Recently, however, Mrs. Aquino reportedly has been annoyed by what she perceives as negative press coverage, from the local press and more particularly from foreign correspondents based here.

The government has taken a series of recent actions against the media, with mixed results.

In October, for example, the government ordered three radio stations closed down and their broadcasting licenses revoked, for airing the views of Marcos loyalists which were considered "subversive."

At the same time, the government ordered an investigation into how a local television station was able to air a hour-long interview with renegade Colonel Gregorio Honasan, despite rules which said that a tape of such an interview must be submitted to the government censorship board.

## Rebels' Help Asked

Authorities searching for jet's wreckage asked Burmese rebels Wednesday to guide them through the jungles where it is believed to have crashed, United Press International reported from Kanchanaburi, in western Thailand.

Search parties have targeted their efforts in an area 6 miles (10 kilometers) inside Burma near the Thai border village of Bong Thi, 100 miles northwest of Bangkok. The police asked a local Karen rebel commander to guide rescue parties through the dense jungles where the rebels have been waging a guerrilla war against the Burmese government for nearly 40 years.

## Bonn Cautions On French Cheese

Reuters

BONN — The West German Health Ministry warned consumers Wednesday not to eat three varieties of French cheese because of possible bacterial contamination.

The three cheeses are "Le Tourré de L'Aubier," "Lys Bleu" and "Fourme de Bresse." A ministry spokesman said that only one batch of the latter brand was likely to be affected.

A soft Swiss cheese, "Vacherin Mont d'O," was withdrawn from sale in Switzerland last month because it was contaminated with the potentially lethal bacteria listeria.

# U.S. General Discounts Use of A-Bomb in Korea

By Fred Hiatt  
Washington Post Service

SEOUL — The commander of U.S. forces in South Korea said Wednesday that he could not imagine any scenario in which the United States would use nuclear weapons in Korea.

General Louis C. Menetrey, following standard U.S. policy, said that he would neither confirm nor deny the presence of nuclear weapons in South Korea. But in answering a question at a forum of Korean and U.S. military experts, he was unusually explicit in ruling out their use.

"I do not envision any circumstance which I can imagine which would require the use of nuclear weapons," the general said.

The United States is widely believed to maintain several hundred tactical nuclear weapons, including atomic demolition mines, stored well south of the Demilitarized Zone bordering North Korea. General Menetrey, who assumed command here last summer, appeared

to lead credibility to that belief when he said it would be "pretty dumb" to keep nuclear weapons near the DMZ but did not address the issue of storing them further to the rear.

In any case, he added, "tactical nuclear weapons, wherever they might be, are a deterrent."

The general's comments were made at the close of a three-day conference sponsored by the Council on U.S.-Korean Security Studies. The council is chaired by the retired General Richard G. Stilwell, a former commander in Korea and former deputy undersecretary of defense in the Reagan administration, and the retired General Paik Sun Yup of South Korea.

The presence of nuclear weapons in South Korea is potentially volatile, although this has not become an issue in the South Korean presidential campaign as some officials had feared it might.

North Korea, appealing to nationalistic sentiment among South Korean students, has frequently called for removal of U.S. forces from the peninsula and the formation of a "nuclear-free zone."

The issue of nuclear weapons in South Korea was raised by Peter Hayes, a member of the Energy and Resources Group at the University of California in Berkeley and a critic of U.S. nuclear policy in Korea.

Mr. Hayes said that, in part because of the presence of U.S. nuclear weapons, there may be more danger of a conflict in Korea escalating into nuclear war than anywhere else in the world.

He said that such short-range weapons have little military use because the radioactive fallout would be as dangerous to friendly forces and civilians as to the enemy.

# WORLD BRIEFS

## Acting Mayor Is Elected in Chicago

CHICAGO — Eugene Sawyer, the longest serving black alderman in Chicago, was elected acting mayor on Wednesday after a chaotic City Council meeting at which spectators, complaining of politicking and supposed back-room agreements over the vote, waved dollar bills and shouted "No Deals!"

Mr. Sawyer, who has ties to the regular Democratic organization, will fill in for the former mayor, Harold Washington, who died Nov. 23 of a heart attack. He will serve until a mayoral election, expected in April 1989, to fill the rest of Mr. Washington's term. It ends in April 1991.

Mr. Sawyer was elected with the help of many of the white aldermen who once had vigorously opposed Mr. Washington. "The reform movement initiated by Harold Washington shall remain intact and go forward," he said.

## 19th Game in Chess Match Adjourned

SEVILLE, Spain (Reuters) — The 19th game of the world chess championship was adjourned Wednesday after 40 moves.

Experts said the challenger, Anatoli Karpov, who holds a one-point advantage, was expected to try for a victory in the second session Thursday, but they did not feel that the champion, Gari Kasparov, was in serious danger of losing the game.

The 24-game match is tied at nine points apiece.

GAME 19  
QUEEN'S GAMBIT DECLINED

White Karpov	Black Kasparov	White Karpov	Black Kasparov	White Karpov	Black Kasparov
1. Nf3	d5	15. Nxd4	Bxd4	29. Rfa1	Kf1
2. d4	Nf6	16. ed	Nb6	30. Kf2	Ke7
3. c4	e6	17. a4	Rb8	31. Ka3	Ke6
4. Nc3	Bc7	18. a5	Nc4	32. Ra5	Rd6
5. Bg5	O-O	19. Bxd4	dxc4	33. R1a2	Re7
6. e3	b6	20. Qxc4	Qd6	34. b4	Rd6
7. Bb4	b6	21. Qc5	Qc5	35. Kf4	Rb6
8. Be2	Bb7	22. dxc5	Rbc8	36. R2a3	Rc6
9. Bxd6	Bxf6	23. a6	Ba7	37. Re5	Rf6
10. ed	ed	24. Nb5	Ra5	38. Rf5+	Ke5
11. O-O	Nd7	25. Nxa7	Be4	39. Rf5	Rf6
12. b4	c5	26. f3	Ra8	40. Re5+	Kf6
13. bc	ed	27. fxa4	Rxa7		Adjourned.
14. Qh3	cd	28. Ra4	Rc6		

## Israel Sold Arms to Iran, Papers Show

STOCKHOLM (Reuters) — Israel sold millions of dollars of explosives, artillery ammunition and shell parts to Iran through a Swedish middleman between 1984 and 1986, according to thousands of documents seized by Swedish customs agents.

Customs officers seized the documents in raids between 1984 and 1986 at offices of Karl-Erik Schmitz, head of Scandinavian Commodity, company in Malmo. About 1,600 pages were made available to journalists. Mr. Schmitz is awaiting trial on smuggling charges.

## Pretoria Expands 2 Tribal Homelands

CAPE TOWN (Reuters) — The South African government put another 500,000 black people under the rule of tribal homelands Wednesday. Some 12,000 people in Ekangala township, north of Pretoria, will be ruled by neighboring KwaNdebele, where last year blacks protested earlier incorporations of their land into its territory. Some 500,000 people at Botshabelo, described by civil rights workers as the country's dumping ground for blacks, will fall under the rule of the tiny, ban homelands of QwaQwa, about 125 miles (200 kilometers) away on border of Lesotho.

The government said in a statement that people in Ekangala and Botshabelo would not forfeit their right to work in "white" areas, and for the time being Pretoria would pay for health, schooling and pensions in the two townships.

## Accord Is Near on Gibraltar Airport

LONDON (Reuters) — Spain and Britain reached agreement in principle on Wednesday on joint use of the Gibraltar airport, a Span Embassy spokesman said.

The spokesman declined to give details but said that talks in London between the British foreign secretary, Sir Geoffrey Howe, and his Spanish counterpart, Francisco Fernandez Ordoñez, could lead to a firm agreement.

# TRAVEL UPDATE

## Italy Airport Strike Halts 200 Flight

ROME (Reuters) — Nearly 200 flights were canceled Wednesday at Italian airport ground employees held a national strike in protest against Prime Minister Giovanni Goria's veto of an accord over wages.

Alitalia and its ATI subsidiary canceled 40 percent of their international and national flights because of the eight-hour strike, the latest in a series of stoppages that have caused havoc for air travelers for several months.

Wednesday's stoppage was called after Mr. Goria vetoed a proposed settlement that he said would have wrecked the government's effort to keep inflation to 4.5 percent next year. Two further days of strikes planned for Dec. 6 and 14.

Yugoslavia began flights to Israel on Wednesday, and Trans Minister Haim Corfu of Israel said he hoped they would signal renewal of relations severed by Belgrade 20 years ago.

## Perle Faults Verification In Arms Pact

By Michael R. Gordon  
New York Times Service

WASHINGTON — Richard N. Perle, a former Pentagon official whose hard-line views are expected to be influential in the Senate debate over ratification of the new missile treaty, has sharply criticized some of the verification provisions in the treaty.

Speaking Tuesday, Mr. Perle, a former assistant secretary of defense for international security policy, also said that the Senate should consider attaching reservations to the accord.

He suggested, however, that he would ultimately support ratification of the agreement banning shorter- and medium-range arms.

Looking toward the U.S.-Soviet summit meeting next week, Mr. Perle urged President Ronald Reagan not to set a date for a follow-up meeting in Moscow. He said that would put Washington under too much pressure to reach a pact reducing strategic arms.

One issue is whether the verification arrangements for the treaty on intermediate nuclear forces would serve as an adequate precedent for a future agreement reducing strategic- or long-range arms.

Mr. Perle complained that the treaty would not allow short-notice inspections anywhere in the Soviet Union.

## Sihanouk and Hun Sen Extend Cambodia Talk

New York Times Service

FERE-EN-TARDENOIS, France — Prince Norodom Sihanouk, the former Cambodian leader, met on Wednesday with Prime Minister Hun Sen of the Vietnamese-backed Cambodian government, in a first tentative effort to end the country's guerrilla war. The two agreed to extend peace talks by at least another day.

In a brief news conference after the six-hour meeting, Prince Sihanouk said the meeting had been "very warm but frank."

He added that the meetings would continue Thursday and perhaps Friday to work out details for a second round of negotiations to be held in Pyongyang, North Korea. He said that no date had been set for the future talks.

Mr. Hun Sen told reporters that the discussion had been "friendly" and was "an opening for a real solution" to the guerrilla conflict. But he emphasized that no agreement had been reached.

The meeting marked the first time that Prince Sihanouk has entered into negotiations with members of the Cambodian government, which was installed after Vietnam invaded in December 1978 to end the three-year reign of terror by the Communist Khmer Rouge.

The meeting took place in the small French village of Fere-en-Tardenois, about 60 miles (100 kilometers) from Paris in the Champagne country.

Prince Sihanouk was joined by his wife, Princess Monique, and Prince Norodom Ranariddh, who is also chief of staff. Prince Sihanouk's nationalist son, Prince Ranariddh, was joined by his foreign minister, Dith Mamty, Cham Prasith, a vice cabinet minister.

Prince Sihanouk has been leader of the three-party guerrilla movement, including the Khmer Rouge and the Khmer People's National Liberation Front, which seeks to overthrow the government. However, he is on what calls a one-year leave of absence from the post of president of the coalition, a many observers said was meant to circumvent the Khmer Rouge's position to direct talks with the Cambodian government.

The Khmer People's National Liberation Front has given cautious approval to the talks.

Vietnam reportedly encourages by Moscow, has also given its blessing to the effort which, if successful, might provide a way for Sihanouk to rid itself of a costly comment.

Vietnam currently maintains estimated 140,000 troops in Cambodia while the guerrillas are thought to number about 50,000.

Khék Sysođa, a spokesman for Prince Sihanouk, said the talks should be considered only as "private conversations" between prince and the Cambodian government and not official negotiations.

Get a taste of Mom's pumpkin pie. Call home.

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# GLASNOST: Experts Devouring Feast of Soviet Data

(Continued from Page 1)  
figures again, and to Mr. Feshbach the numbers ring true.  
"The Soviets used to rail at Murray for 'Cold War statistics,'" says Robert Conquest, an historian. "Now they know he was right."  
In the dim, old days of Sovietology—that is, the period from the Bolshevik Revolution of 1917 until the ascent of Mikhail S. Gorbachev in 1985—Western scholars often were reduced to the footprint-and-bloodhound techniques of Sherlock Holmes.

Kremlinologists looking for opposition in the Politburo studied the order of pallbearers at state funerals. Historians researching the life of Trotsky found him erased from official Soviet photographs and records. Sociologists and journalists set out to describe problems such as AIDS and drug abuse while the Soviet press insisted they did not exist.

Glasnost has gone a long way to change all that. Western scholars, intelligence analysts and students of the Soviet Union are now able to draw a clearer, more complete picture of policy debates and the society in general simply by reading Soviet newspapers and journals—publications that in years past had been nearly useless.

Although Mr. Feshbach and many of his colleagues are quick to caution that the Soviet Union still withholds a tremendous amount of information in nearly every sphere of life and still has not been forthcoming on a myriad of historical, defense and foreign policy questions, Sovietology as a field has been transformed by the Gorbachev Revolution.

The volume of new material, says Professor Stephen Cohen of Princeton University, is "astounding."  
"Now Sovietologists have to work for a living."

The Soviet press, which was once nearly monolithic, now features publications both liberal—Moscow News, Izvestia and Ogonyok, to name a few—and more conser-

vative: Nash Sovremennik, Pravda and Sovetskaya Rossiya.  
The journals and newspapers are printing genuine debates—a public discussion of issues that has allowed Western scholars to get a clearer sense of public opinion among academics, working people and even Politburo members.

For years, Ed Hewitt, an economist with the Brookings Institution in Washington, found his Soviet colleagues unwilling to discuss openly basic questions of pricing, inflation and unemployment. "Now it's turned around," Mr. Hewitt says. "They argue nearly everything in the open, and their own economic figures are more pessimistic at times than anything that ever came out of the CIA."

The dramatic denunciations and firing of Boris N. Yeltsin, the Moscow party chief, which most analysts interpret as a signal that Mr. Gorbachev has had to accommodate conservative sentiment in the leadership, was described across two full pages of Pravda.

"We always knew there were quarrels at the top, but since 1927 there had been a facade of unanimity," says Richard Pipes, an histori-

## Russians Lose On Black Tie

New York Times Service  
WASHINGTON — In the rough bargaining for next week's summit meeting, Mikhail S. Gorbachev has already had to make one concession to President Reagan: The White House dinner Tuesday will be black tie, not business dress as the Russians requested.

Mr. Gorbachev may come in street attire anyway, but President and Mrs. Reagan have made a concession in return. They will attend the dinner given by Mr. Gorbachev at the Soviet Embassy the next evening. Traditionally, they would have let Vice President George Bush represent them.

## ABM: Violation Charged

(Continued from Page 1)  
not to delay the report past the Dec. 1 deadline set by Congress.  
The Defense Department position was set by Caspar W. Weinberger before he left office as secretary of defense on Nov. 20.  
The radars, called Flat Twin and Pawn Shop by analysts, were built in the early 1970s at Saryshagan, a missile test range in the south-central Soviet Union. They were moved to Gornal and the Moscow region this year.

U.S. intelligence officials said the radars were designed to track incoming U.S. ballistic missiles and guide Soviet anti-ballistic missiles to destroy them with nuclear explosions. U.S. officials said this makes the radars subject to an ABM treaty requirement that such radars be deployed only at agreed test ranges.

■ CIA Assesses Gorbachev  
U.S. intelligence experts said Wednesday that Mr. Gorbachev is likely to fall short of his ambitious economic goals but that an arms treaty might soften the political fallout against him, Reuters reported from Washington.

Central Intelligence Agency analysts and other agencies generally agreed in a report to Congress that Mr. Gorbachev has set his sights on an unrealistic economic performance through radical reforms and sweeping plans for industrial modernization.

"Because Gorbachev's program is likely to come up short, the Soviets could face more difficult problems in the future," said Robert Leggett, a CIA analyst. "Indeed the crunch point could come as early as 1988 or 1989."

## Le Corbusier Artwork Sold

The Associated Press  
LONDON — Thirty-one paintings, drawings, collages and pieces of sculpture by the architect and town planner Le Corbusier, who died in 1965, were sold Wednesday for \$1,597,310 (\$2.8 million) at auction in London.



Tom Brokaw, anchorman for NBC television and moderator of the debate; and Senator Paul Simon of Illinois and the Reverend Jesse L. Jackson, both Democratic candidates.

## DEBATE: U.S. Presidential Hopefuls From Both Parties Take Their Poles

(Continued from Page 1)

publican candidate, challenged Mr. Bush to say whether he was "in the cockpit or in an economy ride in the back of the plane" when Mr. Reagan approved trading arms for hostages with Iran.

"I think the Iran-contra report dealt with that," Mr. Bush responded without answering substantively on his role in the affair. Mr. Bush went on to assail the bipartisan majority investigation that had documented many of the abuses and deceptions of the Iran-contra scandal. He endorsed the minority report. Profits from U.S. arms sales to Iran were diverted to support Nicaraguan rebels, known as the contras.

"You haven't answered my question," Mr. Haig insisted. "You are running for president and I think the American people want to know the position you took."

The other Republican candidates participating were Representative Jack Kemp of New York; Bob Dole of Kansas, the Senate minority leader; Pat Robertson, a former television evangelist; and Pierre S. du Pont 4th, a former governor of Delaware.

The Democrats included Mr. Simon; Bruce Babbitt, a former governor of Arizona; Governor Michael S. Dukakis of Massachusetts; the Reverend Jesse L. Jackson; Senator Albert Gore Jr. of Tennessee; and Representative Richard A. Gephardt of Missouri.

Of the Republicans, Mr. Kemp was the only one who said he would pardon Lieutenant Colonel Oliver L. North, a former National Security Council aide, and Admiral John M. Poindexter, a former national security adviser, for their roles in the Iran-contra affair.

"It's time to stop investigating Ollie North and start investigating the Congress," he said, alluding to the decision by Congress not to support the rebels in Nicaragua.

Mr. Robertson, Mr. Haig, and Mr. Dole withheld judgment on whether they would consider a pardon. Mr. Bush did not directly respond on whether he would pardon the two, but he praised the patriotism of both men.

When the Republicans took the stage, only Mr. Bush supported the new arms treaty without reservation. He noted that all the leaders of Western Europe had endorsed it,

and he described it as a "major breakthrough in verification."

Mr. Kemp said, "We should not rush into signing a treaty with the Soviet Union until we force them to comply with previous agreements."

He said they had violated the SALT-1 and SALT-2 strategic arms limitation accords, the Helsinki agreement and the 1972 Anti-Ballistic Missile Treaty.

Mr. Dole was the only Republican aside from Mr. Bush to leave enough room in his answer so that he might eventually vote for the treaty when it is put before the Senate for ratification.

"I am happy the president is signing it," Mr. Dole said. But he added: "We ought to be certain it can be verified." He said he wanted time to "read and study" the proposal, and he suggested he would try to add provisions that would allow him to support it.

In their foreign policy segment, the Democratic candidates repeatedly criticized Mr. Reagan's arms sales to Iran and his policies in Central America. They questioned his policies in the Gulf and assailed Reagan subordinates for the Iran-contra affair.

They also skirted serious disagreement among themselves. Instead they aimed their criticism at the Republican candidates and Mr. Reagan's record. But they repeatedly went out of their way to point out that, unlike most of the Republican candidates on stage, they support the Soviet-U.S. arms accord.

When the Democrats were asked who would be best equipped to sit across the negotiating table from Mr. Gorbachev, Mr. Jackson stepped up immediately to say he already had met with Mr. Gorbachev and had met with more foreign heads of state than any of the candidates.

"If you count the dead ones, George Bush has met with more," he joked, a reference to state funerals that vice presidents are called on to attend.

In their segment on domestic policy, the Democrats sparred over budget, taxes and the Reagan deficits.

Mr. Simon was criticized for proposing many new domestic policy spending programs while also supporting a constitutional amendment to balance the budget. When Mr. Simon described himself as a "pay-as-you-go Democrat," Mr.

Gephardt shot back, "You're a promise-as-you-go Democrat."

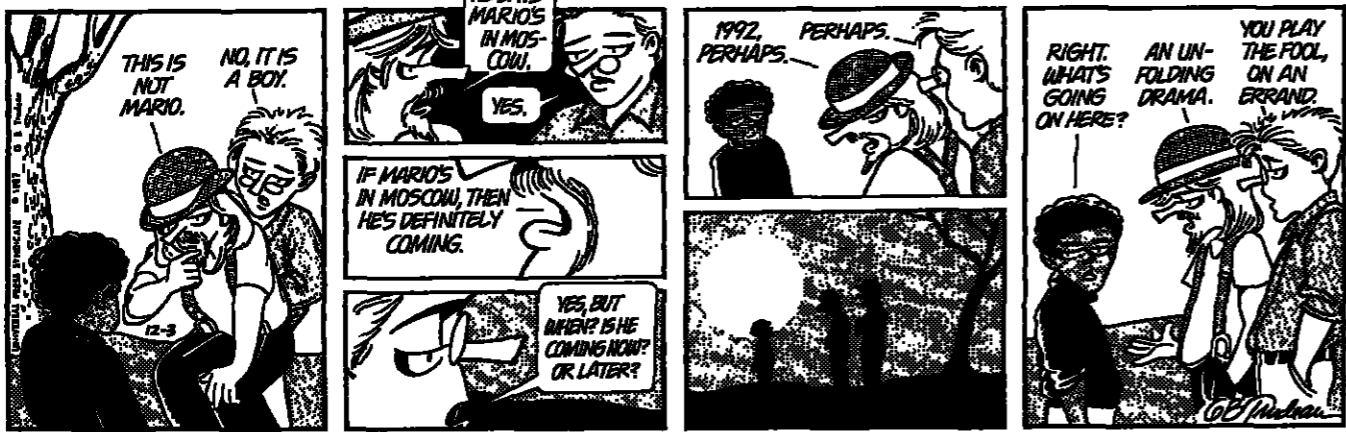
Mr. Gephardt, who has been falling behind Mr. Simon in recent polls, compared the plans of the Illinois senator to those of Mr. Reagan. "Simonomics is really Reaganomics with a bow tie," Mr. Gephardt said, in reference to Mr. Simon's sartorial trademark.

It's time to tell people what they want to know instead of what they want to hear," Mr. Gephardt said. Mr. Simon has supported spending to give "free false teeth and free telephones for millions of people."

Mr. Babbitt, who has called for combination of tax increases and spending cuts to deal with the deficit, then fired back at the others. "I've just heard a lot of flim-flam," he said. He called for domestic spending cuts and a tax increase and accused the president, Congress and the other Democrats of the stage of refusing to "stand up" and tell Americans this. "And I'm going to stand up," he declared, rising and challenging the others to join him.

When they remained seated, Mr. Babbitt said, "There aren't a lot of profiles in courage here tonight."

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مكتبة النور

# Raisa Gorbachev's Visibility Is Resented by Many Soviets

By Felicity Barringer  
New York Times Service

MOSCOW — A prime-time Soviet broadcast of Mikhail S. Gorbachev's interview on NBC News rolled along untouched for 55 minutes, until the subject of Raisa Gorbachev came up — and with it, by implication, the ticklish question of her role in her husband's grand designs for Soviet society.

Then, with the altering of one question and the elimination of a second, the notion that Mrs. Gorbachev is an intellectual force in Soviet policy discussions was diluted almost beyond recognition, underscoring the sensitivity with which her role is treated here.

As American viewers saw it Monday, the exchange went as follows: Tom Brokaw, the interviewer: "We've all noticed the conspicuous presence of Mrs. Gorbachev in your travels. Do you go home in the evening and discuss with her national politics, political difficulties and so on in this country?"

Mr. Gorbachev: "We discuss everything."

Mr. Brokaw: "Including Soviet affairs at the highest level?"

Mr. Gorbachev: "I think I have answered your question in toto. We discuss everything."

But as Soviet viewers heard the superimposed Russian translation Tuesday night, Mr. Brokaw first asked if the Gorbachevs discussed "public issues."

Mr. Gorbachev's first answer remained uncut, the second question and answer were cut entirely.

It was the only change in the entire broadcast, and it was a significant one. Mrs. Gorbachev's image as a well-educated, gracious and stylish Soviet woman has clearly charmed the United States, which she will visit with her husband next week, but a marked feeling of resentment bubbles around her in her homeland.

"Did you see it?" the irate wife of a high-ranking Soviet official complained to an acquaintance last winter, after the Gorbachevs were shown on a visit to the Baltic republics. "She took a step forward, and later she took his hand. She shouldn't even be in the picture. If she must be, she should be behind him."

The very visibility that makes Mrs. Gorbachev the object of approving and consuming curiosity in the West has fed a broad feeling in many levels of Soviet society that she is somehow overstepping her position.

All the Soviet professions of sexual equality fail to mask an overriding traditionalism that locks most women into lower-paying jobs, small kitchens and long food lines.

In the governing bodies of the Communist Party women are almost invisible. Not one of the 19 members of the ruling Politburo is a woman.

The notion that Mrs. Gorbachev, who holds a doctorate, has a potential influence on policy permeates the rumors about her. In these stories her influence always seems somehow insidious.

For instance, rumor casts her as a devious player in everything from the creation of a government commission to investigate the grievances of the Crimean Tatar minority (it is said she has Tatar ancestors), to the economic restructuring of the nation (she is rumored to be the daughter of an active participant in Lenin's economic experiments of the 1920s).

But by comparison with the wives of earlier Soviet leaders, like Anna Chernenko and Viktoria Brezhnev, her occasional public appearances seem frequent and her demure demeanor boisterous. In the Andropov years, neither the Soviet public nor the West even knew the leader had a wife.

One Russian, who admires Mrs. Gorbachev, said: "She's cultured, she's influential, she's visible. That's like a red flag to a bull."

In the midst of the recent dispute over the dismissal of Boris N. Yeltsin as Moscow party chief after he made a speech criticizing the pace of change, a British newspaper, The Observer, printed a story that Mr. Yeltsin had criticized Mrs. Gorbachev by name. The paper said he had objected to Mrs. Gorbachev's reported salary of 780 rubles a month as a member of the Soviet Cultural Foundation.

The Foreign Ministry spokesman, Gennadi I. Gerasimov, denied Monday night that Mrs. Gorbachev received a salary for her work on the foundation, and that her name had been mentioned in Mr. Yeltsin's speech, which has not been published in the Soviet Union.

Nonetheless, the resentment of Mrs. Gorbachev's prominence is clearly outweighed by admiration among many young people, who like the way she gives the lie to the stereotype of the lumpy, dowdy wife in a babushka.

"She's the model of the Soviet woman as it might be sometime in the future," said one. "But we've got to walk a long way before we're going to get there."



Raisa Gorbachev

# Carlucci Warns NATO of U.S. Aid Limits

By Molly Moore  
Washington Post Service

BRUSSELS — The U.S. defense secretary, Frank C. Carlucci, warned his European colleagues on Wednesday that Washington cannot continue pumping more money into NATO defenses, despite heightened concerns among the allies over improving conventional forces.

Mr. Carlucci's tough talk on the U.S. contribution to the NATO budget came as North Atlantic Treaty Organization defense ministers firmly endorsed the pending superpower agreement to eliminate shorter- and medium-range nuclear weapons.

The prospects of that agreement have drawn new attention to NATO's ongoing effort to modernize its defenses.

The pending treaty, along with the financial difficulties of improving NATO's conventional forces, dominated the two-day meeting of the NATO Defense Planning Committee here. The meeting ended Wednesday.

The final communiqué stressed the need to improve conventional forces. However, Mr. Carlucci said after the session ended, "I'm not going to make the claim there were will be large-scale improvement in capability, given the constraint we all face."

Lord Carrington, the NATO secretary-general, said, "The U.S. is suffering increased financial difficulties and can't be expected to carry as large a share of the defense burden as in the past."

He said that Mr. Carlucci had informed the ministers of "the facts of life" about the U.S. military budget.

Mr. Carlucci said he told his European counterparts that NATO would have to become more innovative in stretching its financial resources.

The defense ministers reiterated their earlier support for the U.S.-Soviet accord on banning missiles with a range of 300 to 3,000 miles (500 to 5,000 kilometers), noting in the communiqué, "We welcome and fully support the agreement."

They urged additional movement in ongoing talks between NATO and the Warsaw Pact on reductions in conventional arms.

Although some European leaders have said that they expect the U.S.-Soviet agreement on intermediate nuclear forces to create an atmosphere that could produce progress in the talks on conventional weapons, Lord Carrington said he believed that a final agreement on such weapons was still years away.

■ Paris-Bonn Links Backed

The United States is in favor of the growing French-West German military links and believes such moves will strengthen NATO, Mr. Carlucci was quoted as saying Wednesday in a report from Brussels by Reuters.

Responding to a question at a news conference after the ministers' meeting ended, Mr. Carlucci said he knew of concern among members over growing military ties between Paris and Bonn.

"My own view," he said, "is that those are perhaps desirable things to have happened." He added, "As far as we're concerned, the more cohesion there is in the European part of the alliance the stronger the alliance is."

Prime Minister Margaret Thatcher of Britain said in November that the ties between West Germany and France could undermine NATO by creating a competing structure. France left NATO's military command in 1966.

Furthermore, Prime Minister Giovanni Goria of Italy has been quoted as saying that the French-West German links contravened the spirit of European defense cooperation.

Mr. Carlucci said, however, that he understood that the Paris-Bonn links were aimed at strengthening NATO.

"We don't get nervous about those things," he said. "I know of no initiative under way right now that is directed at undercutting NATO."

# UN Must Borrow in Financial Markets For First Time, Pérez de Cuéllar Says

By Paul Lewis  
New York Times Service

UNITED NATIONS, New York — The United Nations secretary-general, Javier Pérez de Cuéllar, told member states Wednesday that the UN must start borrowing in financial markets for the first time to avoid the threat of insolvency next year, largely as a result of the U.S. failure to pay its dues.

He told the General Assembly that without such borrowing and without additional contributions from member governments, the UN would run out of money next August, assuming that the amount and timing of the U.S. contributions in 1988 follow the same pattern as this year.

To stave off insolvency next summer, he asked the General Assembly for authority to borrow as much as \$50 million on international financial markets at commercial rates of interest to tide the organization over until all members pay what they owe.

If the General Assembly agrees, this would be the first time the UN has borrowed on commercial markets. In the 1960s, the world body raised about \$169 million to help pay for its peacekeeping operations in the Congo through a bond issue sold to member governments.

In 1981 and 1983, the UN Secretariat sought permission to borrow commercially as several other UN specialized agencies are allowed to do, including the World Bank and the International Labor Organization. But it was turned down.

In addition, the secretary-general asked member states to provide an additional \$100 million to the UN Working Capital Fund. This fund, established in 1981 at a level

of \$100 million to meet financial emergencies, has been exhausted.

But payments to the Working Capital Fund are divided between member states on the same basis as the regular budget, UN officials said. Since the United States already is behind in its regular budget payments along with many other countries, the UN is unlikely to get more than an additional \$50 million to \$55 million from this source, these officials say.

The secretary-general also asked permission to "sell" the unpaid U.S. debt to other member countries for cash.

This means that the UN would effectively ask other governments to pay the outstanding U.S. contribution, giving them in return non-interest-paying bonds that would be redeemed when the United States pays its arrears.

Assuming the United States pays about half its \$212 million annual contribution next year in the final quarter as it proposes to do this year, the secretary-general calculated that the UN would run out of money in August. He estimated that expenditures will exceed income by \$37.4 million in the third quarter of 1988 and by \$72.6 million in the final quarter.

In his report, Mr. Pérez de Cuéllar said the organization faces insolvency next year despite the economies it has made. He said spending has been cut by 7.8 percent this year and that savings will exceed the goal of \$146 million.

# Irish Leader Moves Warily Against IRA

By Francis X. Clines  
New York Times Service

DUBLIN — Concerned that political violence could re-emerge as a threat to Ireland, Prime Minister Charles J. Haughey is presiding un- easily over two initiatives against the Irish Republican Army.

In the first, Mr. Haughey continued on Tuesday a weeklong series of raids on suspected IRA border havens by a force of 7,000 policemen and soldiers. It was the largest force committed by the Irish Republic against the outlawed movement.

He has told the nation that recent events raised "the overriding need to preserve parliamentary democracy" from terrorist threat.

The sobering events cited by Mr. Haughey include the IRA bombing Nov. 6 that killed 11 civilians in Enniskillen, Northern Ireland.

More threatening, from the prime minister's viewpoint, is the interception by France in early November of a boatload of sophisticated new weaponry, including parts for surface-to-air missiles that was bound for Ireland and purportedly destined for the IRA arsenal.

Mr. Haughey indicated that the raids by troops and the police are aimed at finding arms that are feared already to have been landed for possible use against targets in Ireland.

The IRA's political arm, Sinn Féin, denies any such strategy, stressing that the paramilitary movement aims at targets in British-ruled Northern Ireland, not in the Irish Republic.

Thus far, the main effects of the raids have been the arrest of four IRA fugitives and the discovery of two large, elaborate bunkers. No weapons have been found, according to the authorities.

Several people have been detained for questioning, and there has been closer than ordinary coordination with Northern Ireland authorities.

Mr. Haughey is trying to carry through on the extradition convention, endorsed in 1986 by the previous Parliament, but he also wants to demonstrate some independence from Britain to Irish voters. They have long been skeptical that Irish suspects can be treated fairly under British justice.

The government of Prime Minister Margaret Thatcher rejected an earlier proposal by Mr. Haughey to reform a court system in Northern Ireland whereby a single magistrate serves as both judge and jury in terrorism cases.

Mr. Haughey is trying to have the extradition convention amended to give the Irish attorney general veto power in determining whether there is strong enough evidence for extraditing IRA suspects.

# Angola Rebels Free 2 Swedes

By Reuters

NAIROBI — Angola's rightist UNITA rebels said on Wednesday they had freed two Swedish aid workers whom they kidnapped in northern Angola more than two months ago.

In the second, he accepted introduction in Parliament at midnight Tuesday of the European Convention on the Suppression of Terrorism, a step long sought by Britain to make it easier to extradite IRA suspects from Ireland.

Mr. Haughey is trying to soften the ensuing political controversy by seeking to amend the convention and has threatened to call elections if Parliament rebuffs him on the matter this week.

After years of being criticized as a politician who flitted too easily with IRA sympathizers, Mr. Haughey has suddenly emerged at the head of what is perceived as a crackdown against terrorism.

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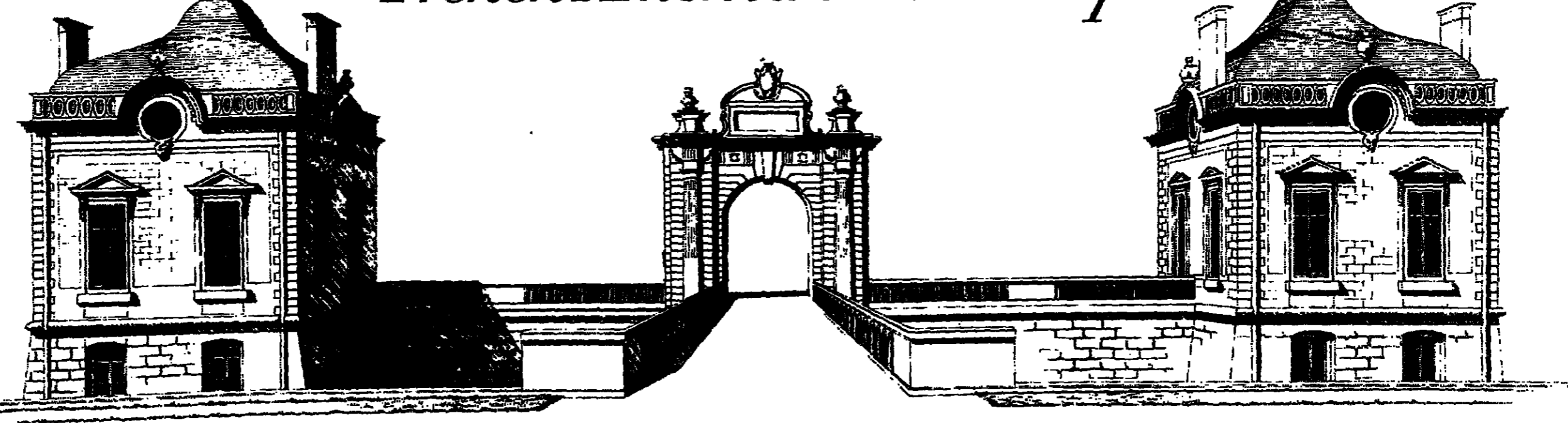
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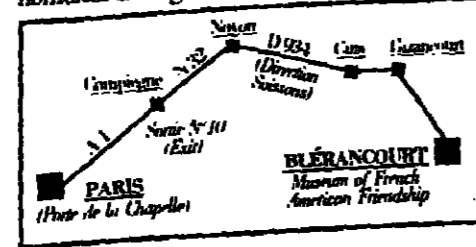
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# Do you Know Blérancourt, The Museum of French-American Friendship?



The Château de Blérancourt, a seventeenth century masterpiece by Salomon de Brosse is located 125 km (80 miles) north of Paris near the historic town of Compiègne (see map). The main body of the Château was destroyed during the French Revolution but four exquisite pavilion buildings remain in which the museum is housed.

The Blérancourt museum was founded by Anne Morgan, daughter of the financier J.P. Morgan, who bought the property in 1917 to shelter the wounded and homeless during World War I and subsequently lived there for many years.



While at Blérancourt, Anne Morgan collected works of art and documents reflecting the history of Franco-American relations from the American Revolution to the present day. In 1929 she presented Blérancourt and its collections to the French government and it was given the status of a French national museum and was officially named the Museum of French-American Friendship.

The exhibits, composed of paintings, sculpture, historical memorabilia and documents are extremely varied and everything in the museum illustrates either historically or artistically the close relationship between France and the United States over the past two centuries.

Among the most moving souvenirs on display are a Ford ambulance used by the American Field Service during World War I and the order for D-Day dated June 6, 1944, signed by General Eisenhower.

The museum also illustrates the rich cultural and artistic exchanges between the two countries, with exhibits from the many French artists drawn to America for inspiration as well as those American painters influenced by France.

Led by its dynamic curator Pierre Rosenberg, Blérancourt has exciting plans for development, including the expansion of the museum's art collection through the permanent loan of fifty paintings from the Louvre, the Musée d'Orsay and the Centre Georges Pompidou. This permanent exhibit will be housed in one of the pavilions — renovated and expanded for the purpose. In the surrounding grounds, a botanical museum has also been created using American species.

It includes an arboretum of American trees selected for their autumn foliage. The French government has responded by increasing its subsidy but substantial outside funds will also be needed. A fully tax-exempt US foundation — American Friends of Blérancourt, Inc., has been established and the Florence Gould Foundation has contributed a special matching grant of \$500,000. Other leading foundations as well as leading companies with Franco-American ties also contributed: Dillon Foundation, Disney Foundation, Frederic Henry Prince Foundation, Mona Bismarck Foundation, Seth Spague Foundation and Air France. Caron, Elegance Inc., France Telecom, L.B.M., Manpower,

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INTERNATIONAL Herald Tribune

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The Gorbachev Show

Skeptical, Hopeful

The Soviet leader who will arrive next week in Washington will be less a stranger to Americans than any of his predecessors.

Just a few days before his summit visit, Mikhail Gorbachev was here for all to read in his new book, "Perestroika," and for all to see in an interview on American television.

The reviews were quick and varied: candid and candid, belligerent and believable, inspirational and manipulative. Such drama reviews mean little.

The television interview gives credibility to Mr. Gorbachev's policy of glasnost, or openness. Events in his country put flesh on his policy of perestroika, or restructuring.

There is no telling how durable his new policies are, or how far he will take them. But they are not just words, not just theatrics to be assessed by political drama critics.

They represent tangible changes in Soviet society, improvements for the Soviet people and grounds to explore the Soviet leader's foreign policy overtures with seriousness.

What are the messages Mr. Gorbachev wants Americans to hear? He offers an unusually coherent view of the world in his book. The Soviet economy, he writes, "had fallen to a level close to stagnation."

His people were dispirited. There was "disrespect for the law and encouragement of eyewitness and bribery, servility and glorification."

Only a thoroughgoing restructuring, including the introduction of market incentives, could alter this. The public must be involved. That requires unaccustomed telling of truth

and facing of facts — in a word, glasnost. Restructuring is also necessary internationally. Economic conditions make the traditional "imperialist" ways of gaining power impracticable.

Nuclear weapons mean that war can no longer be seen as an extension of politics. Today's problems can only be solved cooperatively. There can be "either equal security for all or none at all."

This severe assessment of Soviet problems must not be mistaken as a sign of weakness. Mr. Gorbachev hastens to add. If adversaries remain regrettably stuck in old thinking, Moscow will remain strong and match them. Nor does he make any pretense of eliminating communism. Perfecting, not rejecting, Soviet socialism is the goal.

The party line is clearly evident in his history of the division of Europe, the Soviet invasion of Afghanistan or emigration of Soviet Jews. Yet he has a remarkable understanding of foreign thinking. He challenges the notion that perestroika is destined to be overwhelmed by the Soviet system.

And he knows what threatens the West: Khrushchev's "We will bury you," the theory of exporting revolution and his own new "designs" on the Pacific or his wily wooing of Europe. He tries to lay these concerns to rest.

His words are only part of all that most go into judging him. Whatever he says of anti-imperialism, his troops in Afghanistan say more. By crushing his protégé Boris Yeltsin for speaking too boldly against the slow pace of reforms, he demonstrates the actual limits of the Soviet leadership's tolerance.

But undeniably his policies are also helping the Soviet people. And without new Soviet flexibility on foreign affairs, this summit meeting would never have come about.

Americans are naturally and rightly skeptical about Soviet oratory. They are also habitually hopeful, and eager to see if something can be worked out. This is not a bad set of attitudes with which to greet Mr. Gorbachev and what he is doing in his country.

— THE NEW YORK TIMES.

Not So Reassured

What is it that Americans want of Mikhail Gorbachev, anyway? An accomplished television manner? Personal affability? Professional competence? Command of the basic material? All these things were in evidence in the Soviet leader's interview with NBC.

But they hardly shake American curiosity. We suspect that most people were peering at the broad, patient, intelligent face, sifting the words for a sign that behind the warming atmosphere of the summit there lies a firm basis for steady, a relationship that has seen all too many turns and perils. Is there such a sign?

Certainly Mr. Gorbachev contrived an impression that he wants a successful summit. On strategic defense, he stated a more modest position that may approach the more modest one the Reagan administration has been moving toward — positions that look to major early reductions in strategic offense.

On conventional arms, he hinted at a flexibility that could ease anxieties stirring in Europe as a result of the treaty eliminating medium-range missiles, itself a pioneering accord that is due to be signed next week.

On Afghanistan, a test of Soviet intent in reasonable global conduct, he kept alive the opening for a Soviet retreat that has always been the first requirement for a settlement.

Still, most of us were looking for more than positions on issues, central as these are. There is a feeling in the air that Ronald Reagan and Mikhail Gorbachev, unlikely pair, have created a promise whose realization depends greatly on the relatively young man currently at the Kremlin helm. On this score the interview was not so reassuring.

Mr. Gorbachev has the brainpower, but it has not so far been matched by the breadth of experience that might let him shed a characteristic Soviet provincialism. He has some cartoon ideas about America and a hesitation to address before a Western audience the very shortcomings of Soviet society that prompted his "restructuring."

To take Western interest in emigration as a trick to steal Soviet science would be laughable if it were not so wrong and mean. To present the Afghan crisis as "first and foremost" the result of outside interference is at best misleading and evasive.

On television, Mr. Gorbachev can show an undeniable restraint and poise, but these qualities tend to fade when the heat is turned on. That leaves American viewers to conclude that Mr. Gorbachev is tough — which no one doubted, but which is hardly enough in itself to sustain the improved relationship that both sides presumably are reaching for.

So much for the televised Gorbachev. Now comes the real one. — THE WASHINGTON POST.

Hypocrisy on Hostages

It's a wonder how Charles Redman, the State Department spokesman, kept a straight face when he attacked France on Tuesday for dealing with Iran to obtain the release of French hostages in Lebanon.

Mr. Redman's criticism implied that the virtuous United States would never stoop to rewarding hostage-takers.

He spoke without any reference to the Reagan administration's folly in secretly selling anti-tank missiles to Iran in return for hostages. At precisely the same time, the State Department was lecturing Europeans on the need to embargo any such arms sales and to take a tough line on terrorism. It is hard to say which is more offensive, the hypocrisy or the silliness of the words Mr. Redman was obliged to utter.

What France is doing is certainly questionable. To get back two hostages, President François Mitterrand and Prime Minister Jacques Chirac have moved to resume repayment of a billion-dollar debt to Iran incurred before the revolution, and to allow the departure of an Iranian held for questioning about a wave of terror bombings.

These concessions surely undercut avowals of the allied democracies at the Venice summit meeting last spring never to make such concessions.

But the French action was not surreptitious and can be openly debated. That was something denied to the American people and their elected representatives. President Reagan waved aside his own supposed scruples, as well as protests by his secretaries of state and defense, to swap missiles for the promised release of hostages.

A State Department official who declined to be named made the right point: "We found out the hard way. What we did hangs over our heads, that's true. But we made it very clear we are never going to deal in that manner again. We learned our lesson." If so, why say so off the record, while making America look ridiculous on the record?

— THE NEW YORK TIMES.

Other Comment

Poles Withhold Confidence

No one has suggested that the voting was not secret, or that the count was rigged. The Russians, even in the age of Mikhail Gorbachev, permitting a free vote in Eastern Europe? A milestone has surely been passed.

The fact remains that General Wojciech Jaruzelski required a 51 percent majority under the hitherto redundant Polish constitution, and failed the test. Poland can now go one of two ways: Either the unholy alliance between the apparatchiks and Solidarity will continue, with the union organization launching a new wave of protest — in which the general might be ousted by a hard-liner. Or Solidarity will take the more sensible

course of allowing the bruised but not beaten general to continue his policy of steady liberalization, coupled with a period of long-drawn-out price rises (prices have become the single toughest challenge for Communist rulers everywhere) instead of a short, sharp shock. This seems a fairly dismal prospect for Poles, but they were at least asked.

— The Daily Telegraph (London).

The verdict of veteran dissident Jacek Kuron is both moderate and sage: The referendum result "does not mean that society is opposed to swift economic and political reforms; only that it has no confidence in those who are carrying them out."

— The Guardian (London).

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France Tel: (1) 46.37.93.00. Telex: Advertising, 613995; Circulation, 612832; Editorial, 612718; Production, 630698.

Director of the publication: Walter N. Thayer

Editor for Asia: Michael Richardson, 5 Conventry Rd., Singapore 0511, Tel: 472-7168. Tel: R556288 Advertising Dir. Asia: Madelon Green, 20 Gloucester Road, Hong Kong, Tel: 5-841046. Telex: 61170 Managing Dir. U.K.: Robin MacKichon, 63 Long Acre, London WC2E, Tel: 836-4822. Telex: 262009 Gen. Mgr. W. Germany: W. Linnartz, Friedrichstr. 15, 1000 Frankfurt/M. Tel: (089) 726753. Tel: 416721 Pres. U.S.: Michael Conroy, 850 Third Ave., New York, N.Y. 10022. Tel: (212) 753-3800. Telex: 421775 S.A. pa capital de L200.000 F. RCS Nanterre B 732021126. Conventions Paritaires No. 61337 © 1987, International Herald Tribune. All rights reserved. ISSN: 0294-8052.

OPINION

For a Return to Consensus on American Foreign Policy

By Senators David L. Boren and John C. Danforth

Mr. Boren is a Democrat from Oklahoma. Mr. Danforth is a Republican from Missouri.

WASHINGTON — Partisan bickering among those who are supposed to be our political leaders has gone too far. It has become a greater threat to our nation than external pressures from the Eastern Bloc or internal weaknesses in the economy.

Throughout America, and indeed the world, perceptive people see what is happening to us. They do not doubt America's ability to meet difficult challenges once we unite with a common sense of purpose, but they are truly frightened that our leaders are unable to put political differences behind them in a common effort to support obvious national interests.

Since we arrived in the Senate about a decade ago, partisanship within the institution has increased alarmingly. Some partisan on-again/off-again maneuvering is expected in domestic matters, but it has spilled over into foreign affairs. In consequence, the stable and resolute foreign policy one should expect from the leader of the free world has been undermined by ongoing antagonism and turmoil between Congress and the executive branch of our government.

On the one hand, Congress is alarmed at the freebooting adventurism of a go-it-alone executive, as exemplified by the Iran-contra affair. On the other hand, the executive branch complains that Congress consists of 535 secretaries of state who cannot resist any opportunity to interfere with arms negotiations and to micromanage foreign relations. The result is that mutual suspicion and a state of flux have supplanted the predictability and sense of purpose which characterize a leadership position in world affairs.

Unlike parliamentary systems, our Constitution divides foreign policy responsibility between two independent branches of government. The president is the commander in chief, but Congress gives its advice and consent to treaties and to the appointment of ambas-

sadors. In recent times, Congress has confused this shared responsibility for foreign affairs with incessant and irresponsible tinkering. Routine authorization and appropriations bills have given members almost limitless opportunity to weigh in on everything from the maximum allowable height above sea level for the site of the Soviet Embassy in Washington to the precise manner in which our forces are deployed in the Persian Gulf.

Last year the Senate conducted 20 roll-call votes on aid to the Nicaraguan contras, in an unending effort to fine-tune the precise circumstances in which military or humanitarian assistance might be offered.

During recent consideration of the State Department authorization bill, 86 floor amendments were added dealing with such matters as the proper decorum for motorcades carrying foreign visitors around our nation's capital (e.g. no honking) and the closing of our embassy in Antigua. Most of these amendments had received no committee consideration and little debate on the Senate floor.

This fall, the Senate wrestled for weeks over whether to invoke the War Powers Act in connection with America's presence in the Persian Gulf, and finally decided to defer for two months any judgment on the practice of refueling and escorting oil tankers.

That sort of vacillation typifies one of Congress's most serious habits in the field of foreign policy. Whether it is in the Persian Gulf or Central America, SDI or SALT-2 compliance, fundamental questions go unresolved. Everything is seen as subject to future debate. All issues remain on the table, or can be brought back to the table for further consideration. Even the much heralded compromise between Congress and the administration on how to interpret the Anti-Ballistic Missile Treaty was an agreement to put off a resolution of the issue until next year.

The free world looks to the United States for leadership, but who can follow a leader that cannot decide where it is going and that sets out first in one direction and then in another? In light of the debacle of Vietnam and the Iran-contra fiasco, it is unreasonable for any administration to expect Congress to confer upon it the blind confidence of another Tonkin Gulf Resolution. Yet surely there is room for a modus vivendi between an autonomous executive and a tinkering Congress. The time has come for rebuilding a truly bipartisan foreign policy in which congressional deference in the execution of policy would be offered in exchange for legitimate consultation and trust in the formulation of policy. Congress would agree to restrain its backseat-driver activities in exchange for a role in planning the trip.

The beginning of a new bipartisan foreign policy might be patterned after the efforts of a Democratic administration and a Republican Senate in the post-World War II era. Then Secretary of State George Marshall, Undersec-

retary Robert Lovett and Arthur Vandenberg, chairman of the Foreign Relations Committee, met informally at the Waldman Park Hotel to draft a general statement of the principles of American foreign policy. The meetings formed the basis of Senate Resolution 229, the Vandenberg Resolution, which in turn set the stage for the North Atlantic Alliance and added support to the Marshall Plan.

In many ways the now aging and tattered consensus that emerged from those meetings and played a dominant role in American foreign policy throughout the postwar era remains the closest thing we have to a foreign policy blueprint for today. Our generation has not had the will to create a new one.

We suspect that an informal meeting between a limited number of administration and congressional leaders would be able to set forth a broad consensus on the fundamental objectives and principles of foreign policy that could provide the starting point for a new spirit of bipartisanship. What is needed is both a general statement of foreign policy principles in the manner of the Vandenberg Resolution and an ongoing process for working out specific differences as they arise, but before they are ripe for legislative action.

If the views we have expressed make sense, then the question remains: Where do we go from here? The answer depends on what response, if any, we evoke from the administration and members of Congress. We would hope for an informal meeting of no more than a handful of administration representatives and interested members of Congress for the purposes of 1) drafting a statement of agreed foreign policy principles and 2) exploring a system for resolving foreign policy disputes.

If the call is for volunteers to convene such a meeting, then count us in. — The Washington Post.

While Washington Was Getting Tough, Moscow Was Tilting to Iraq

By Jim Hoagland

PARIS — The American diplomatic campaign to isolate Iraq and compel an end to the Iran-Iraq war is beginning to falter, undermined by secret deals that Tehran has been able to strike in recent weeks with France and the Soviet Union.

As painful as it is to see good in anything that benefits Iran's ayatollahs, this could be a cloud with a silver lining. It may force the United States to look seriously at the big force it has assembled in the Gulf, at an annual cost of \$200 million, and determine what it should be doing there.

The American armada has been described in Washington as supporting the diplomatic campaign to pressure Iraq to begin peace talks with Iran or suffer sanctions voted by the Security Council. But these goals appear increasingly difficult to achieve.

"They do not want peace, they want Saddam Hussein's skin," a European official deeply involved in this conflict says of the Iranians, dismissing the idea that Tehran will ever come to a bargaining table with Iraq's ruler.

"They want to break Iraq apart. And all the Security Council resolutions will not change that. They are pursuing a dedicated, skillful strategy that will soon outflank the Americans."

The French package deal surfaced last weekend with the sudden release of two French hostages in Beirut and the French decision to allow the departure from France of Wahid Gurdji, an Iranian Embassy translator wanted for questioning in a terrorist case. Tehran and Paris are now speaking publicly about moving toward more normal diplomatic relations, broken off last July after Mr. Gurdji took refuge in the embassy here.

The arrangement Iran has struck with the Soviet Union is still largely secret, but its outlines are clear for some Western and Arab diplomats. Iran has reportedly cut its support for Afghan guerrilla forces and stopped stirring up religious sentiment among Moslems inside Soviet Central Asia, while the Soviet Union has reciprocated by helping stall a vote in the Security Council on sanctions against Iran.

The Soviets say Iran must be given enough time to provide a clear yes or no to the UN peace proposal that has been presented to both sides. Iraq has accepted the plan, while Iran has said

that it neither accepts nor rejects it. Iraq's foreign minister, Tariq Aziz, complained publicly about Soviet support for Iran's delaying tactics in remarks on Monday to British journalists in Baghdad. Such a complaint is unusual for the Iraqis, since Moscow provides about 80 percent of their military hardware. Iraq's only other major arms supplier is France, the other primary target of the new Iranian campaign of diplomatic maneuvering.

A curious aspect has been the American refusal to force a public showdown with the Soviets over the sanctions vote. The United States would then at least profit in the Arab world by having the Soviets' opportunistic deal with Iran exposed to the light of day. The best speculation heard here is that President Reagan hopes to pull a rabbit out of his summit hat in Washington next week and get the Soviets to agree to joint action on an arms embargo against Iran.

But there are no evident grounds for optimism that this will happen unless Mr. Reagan is prepared to give some commitment to reduce significantly the American fleet now on duty in the Gulf. That would be an important enough accomplishment for Mikhail Gorbachev to justify passing up the advantages that Iran's conflict with the United States now offers the Russians.

But it would also be a major jolt to the Arab states that the U.S. naval force was brought to the Gulf to reassure. They would point to a quick reduction as another sign of America's diminishing power and resolve.

The fleet, in other words, stays in the Gulf because it cannot afford to leave. This circular logic, particularly at the high cost the deployment involves, is a trap rather than an opportunity. It is time to begin, slowly and as invisibly as possible, to draw down the U.S. naval armada. This slow restructuring should leave a force that is larger than the pre-crisis average of three ships but still small enough to be viable for the long term. — The Washington Post.

Beginning of the End of the Cold War?

By James Reston

LONDON — In the days before the Reagan-Gorbachev meeting, a reporter from Washington finds a surprisingly hopeful mood in Western Europe about East-West relations. It is not just anticipation of the first limited agreement to reduce the superpowers' nuclear arsenals. One even hears thoughtful speculation about the beginning of the end of the cold war.

Here, as in the United States, there are differences over the elimination of intermediate- and short-range nuclear weapons, doubts about the leadership of the White House and the Kremlin and anxiety about the economic and financial outlook for 1988. But paradoxically there is also a feeling that the longer-range trends for the remaining years of the century are more positive.

There seems to be more agreement that the danger of war has receded, that there has been a decline in the ideological rhetoric of Washington and Moscow, that limited nuclear arms reduction is proceeding despite conflicts in Afghanistan, Central America and the Gulf region and that consultation among the major nations has improved.

It is true, of course, that three other major treaties — after the death of Stalin in 1953, after the Cuban missile crisis of 1962 and

during the relaxation of tensions between 1969 and 1972 — proved to be fleeting glimpses of a brighter future, but even during the dark days of 1980 to 1985, Moscow and Washington avoided a major confrontation over regional conflicts.

Two events in recent years seem to account for the revival of hope. The first is the renewal of America's military strength, creating a more stable balance of power, and the second is the emergence of Mikhail Gorbachev in Moscow, returning to the bargaining table with new concessions and calling for a transformation in East-West relations.

At the same time, NATO has held firm despite pressures from Moscow. And the United States has formed a closer relationship with the new and more flexible leaders in China and, despite trade differences, with the new government in Japan.

None of this would seem to justify the talk in Europe about the coming of a more stable world order in the last years of the century. There are serious observers here and on the Continent who see the forthcoming medium-range treaty as a dangerous trap favoring Moscow's conventional military superiority, and others

who interpret Mr. Gorbachev's rhetoric as merely a clever shift in tactics. But both powers face domestic economic problems that require budgetary restraints; both are acting defensively in the face of dangerous confrontations. On the 70th anniversary of its revolution, Moscow seems to have concluded that its efforts to establish a strategic advantage have failed for the time being. This in turn requires a more cautious policy in dealing not only with America but also with China, Japan, Western Europe, Israel and the Third World.

The United States has been forced to reappraise its economic and financial policies in the light of the Wall Street crash and the budget and trade deficits. And the Iran-contra scandals have compelled a change in the administration's attitudes toward covert warfare in the world and covert politics on Capitol Hill.

In short, the present climate, at least seen from here, encourages a new period of analysis and change. What started only a few short years ago as an ideological conflict between Washington and the "evil" Soviet empire, and with threats out of Moscow to "bury" the capitalist world, has shifted to a more normal clash of national interests.

Both powers have learned that they cannot do as they wish, even in their own spheres of influence. Mr. Gorbachev has had to loosen his ties with the Communist states of Eastern Europe, and Mr. Reagan has not been able to get the consensus he wants for a continued military build-up on Earth and in outer space, or even in Central America.

In fact, it is now fairly clear that the Western allies will not go along with the cold war attitudes of the first Reagan administration, and this explains their approval of the coming Reagan-Gorbachev talks.

Observers here do not regard this summit meeting as the culmination of a limited nuclear treaty. That will merely reduce the nuclear arsenals of the superpowers by 4 percent. But they see it as an opportunity for discussion of the philosophical and political conflicts that led to the arms race in the first place, and even as a chance to establish continuing talks on new rules of conduct for international relations.

In sum, the era of confrontation between the superpowers abroad and between the political parties at home over the conduct of foreign policy has not worked as any of the contending hopes. Now it seems at least to the optimists here that a new period of consultation and cooperation — difficult and protracted — may be at hand. — The New York Times.

Thatcher on Gorbachev:

The following are excerpted replies by Prime Minister Margaret Thatcher in an interview conducted at 10 Downing Street by Jas Gawronski, an Italian journalist and member of the European Parliament.

On negotiating with the Soviets: You do not give anything unless you get something in return, because you do not judge anyone by what they say but by what they do. You go in very carefully, very well prepared, having thought out all of the arguments with which you might be faced and knowing how you will counter them, how you will deal with them, how far you can go and no further.

On Mikhail Gorbachev: I think he is quite different from any other Soviet leader I have ever known. When you meet him you can discuss with him just as you and I are discussing together, easily, without strict reference to briefs. So often when you talk to ministers from the Soviet Union, they have to follow a brief in detail. It is very dull. You ask questions and they do not answer them. Mr. Gorbachev does. You can get involved in

a real discussion, a real argument, and that is very valuable. On whether Mr. Gorbachev can be trusted: I think you build up some kind of trust. I choose my words carefully. I think when he tells me that he will, for example, try to let certain people out of the Soviet Union, then he will in fact do it and in fact he has — particular names that I have put to him. And so I have, in personal cases, a good deal of trust in what he says, and when he told me when I went to the Soviet Union, that I could broadcast and that it would go out, it did.

On prospects for Soviet change: He does want to make changes. They are bold, they are courageous and that I greatly admire, and I hope he succeeds. One has to remember, nevertheless, that he is constrained by the Communist system. There is a big bureaucracy, and even in the Soviet Union he has to carry a lot of people along with him in the changes he wants to make. I do not think the Soviet system is ever going to change to be a real democratic system in my lifetime. — International Herald Tribune.

France's aim was to normalize relations with Iran and get hostages back at an acceptable diplomatic, financial and moral price. Iran's was to show that it pays to negotiate, that it can deliver and is rational, realistic. The Iraqis were sending a signal to the Western powers that they are willing to moderate their stance, with a view to emerging from the diplomatic isolation they have been increasingly evident since the recent Arab summit in Amman.

The French-Iranian agreement reflects awareness on both sides of the futility of their diplomatic skirmishing. For France, normalization with Iran is long overdue. It was attempted when he was foreign minister in the Socialist government. The present prime minister, Jacques Chirac, has been convinced all along that getting the hostages back would be good electoral politics. But for long time the price was impossible high. Iranian demands mounted as the French side stuck to a difficult balance act — normalizing relations with Iran while continuing to arm Iraq.

The revelation by the well-known terrorist conviction in France earlier this year of Georges Ibrahim Abdallah and growing awareness among French authorities that public opinion favored firmness, led to a de facto abandonment of the normalization effort. Relations worsened until a escalation of provocations caused spectacular breakdown of diplomat relations last summer.

Now the initiative for the deal through seems to have been Iranian. This can be taken to mean either that French firmness paid off or that it Iranians obtained the release of Wahid Gurdji (strongly suspected by French police of terrorism) for a modest price. The release of all French hostages would answer the question.

In Paris, bureaucratic infighting was evident. As disgust with terrorism and concern for hostages became dominant in French Middle East policy, the Interior Ministry began to take the lead, under the dynamic prodding of Charles Pasqua. The Foreign Ministry and even the presidency were upstaged. The result looks more like successful improvisation than a well-controlled master plan.

Meanwhile, the lack of a common European approach to the hostage question is deplorable. The British government under Margaret Thatcher's firm leadership has been uncompromisingly tough, with the result that British hostages remain prisoners. France has a policy combining firmness and compromise, and has gradually succeeded in getting most of its hostages back. But at what cost?

If Europe wants to be taken seriously in the world some day, it will have to get its act together. In the Middle East despite the vessels patrolling in the Gulf, Europe does not yet exist.

The writer is associate director of Institut Français des Relations Internationales. He contributed this comment to the International Herald Tribune.

France Improvised As Europe Slept

By Dominique Moisi

PARIS — It is hard to review a play before the final act. In any case, the normalization process between France and Iran has been sufficiently intricate — or confused — to warrant the reviewer's caution.

In France, last weekend's dramatic developments — the release of two more French hostages and the end of the "embassies war" — provoke a mixture of satisfaction, perplexity and concern for democratic principles and the independence of the judiciary.

One question should dominate, if you buy the notion that it is all right to deal with an outlaw state: Is the compromise balanced in mutual interests? Has all this bazaar wrangling benefited one side more than the other?

100, 75 AND 50 YEARS AGO

1887: Russian Nihilists

BERLIN — The Borsen Courier publishes (on Dec. 2) a telegram from St. Petersburg stating that meeting places of nihilist conspirators and laboratories for the manufacture of dynamite have been discovered by the authorities in the Wassili, Ostrow and Peski quarters of the capital. On the conspirators in the Peski quarter being surprised by the police, an encounter took place, which was attended by serious bloodshed.

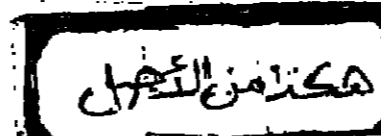
1912: German Policy

BERLIN — Predicting an amicable solution satisfactory to all the Great Powers, but with a cautious hint of Germany's role in case of unexpected European complications, Herr von Bethmann-Hollweg, Imperial Chancellor, reviewed the Balkan situation in the Reichstag (on Dec. 2). "Should there result — which we do not hope — insoluble antagonisms, it will then be a question for the Power

directly interested in each particular case to assert its claim. This applies to our allies, but should the in the assertion of their interests against all expectations be attacked by a third party and their existence threatened, we would then have come into their assistance." Alliance to Russia's rumored readiness to attack Austria-Hungary in defense Serbia, in case of a conflict, was set in the tone of the address.

1937: Prisoners Traded

MOSCOW — The crews of the Soviet merchant ships Komsomol and Sidorovich, who were captured by Spanish Nationalists, have been changed for 44 Germans arrested in Russia on charges of espionage, according to a reliable source. The Germans, who had been detained for months in Kiev and Kharkov, stated that they have crossed the frontier on their way back to Germany. Several hundred Germans remain under arrest in the Soviet Union.



OPINION

Take It From the Sourpuss, Gorby Fever Is Bad for You

By William Safire

WASHINGTON — The Gallup Poll reveals that twice as many Americans have a "favorable opinion" of him as have an unfavorable view of him. That is a stunning tribute to the skill of Soviet propaganda, and dismaying evidence of the power of American wishful thinking.

Count me among the shrinking minority that neither likes nor trusts Mikhail Gorbachev, especially after his heartless televised exhibition of obsequious arrogance, cunning, manipulation, evasive bullying and outright dishonesty.

"You cannot impose the minority's view on the majority," leured the totalitarian. "Democracy is, after all, the rule of the majority." This from the head of a nation that crushes internal dissent and gushes with tanks any move toward free elections in the countries it rules.

He showed nothing but scorn for Americans who express concern about the families being persecuted for daring to ask to leave the Soviet Union. "What they're organizing is a brain drain. And of course we're protecting ourselves."

Forget all that, say Americans afflicted with Gorby fever. He has to take those positions to block the Kremlin hard-liners. He's ebullient, reformist, different from those nasty Soviet leaders of the past. Sure he's a tough Commie,

and yes he cut out CBS because Dan Rather is too tough on Afghanistan, but Gorby's making real changes; by helping him, we help the cause of peace.

That hopeful assessment, apparently held by most Americans, puts those of us who doubt the Kremlin's intentions in the role of "unreconstructed hawks" unwilling to take a chance for peace.

Look, maybe history is passing us by, and years from now we will be regarded as foot-draggers and sourpusses. But consider the possibility that our distrustful assessment has merit. Open your minds to the chance that Mr. Gorbachev and his KGB faction are deft tacticians whose purpose has not swerved from the long-term Soviet goal of world domination.

In that case, it would serve his purpose to buy time for economic restructuring of a corrupt system long dominated by the party faction. It would help him to stimulate high-tech trade, to launch Detele II to allow the U.S.S.R. to catch up technologically, just as Detele I enabled it to pass America militarily.

Most important, Soviet strategic superiority would be achieved if the United States could be bluffed out of its goal of a nuclear shield while Moscow keeps a significant advantage in missiles — or secretly presses ahead with its own space defense. Certainly everything the Soviet side has done to date has been aimed at preventing America from building its shield. Mr. Gorbachev has accepted proposals on the one area of equality, medium-range missiles; but on the two areas in which the Russians are stronger — strategic missiles and conventional arms — he will not deal until he can break the U.S. resolve to test "star wars" defenses.

Everything points now to exacerbating pressure by the hapless President Reagan on the debilitated President Gorbachev at the fourth summit conference, in Moscow next summer. Wishful thinkers in the United States, devoid of treaty-skepticism, stand amazed at Mr. Good's interview in the Kremlin — all will agitate mightily for removal of the "obstacle."

America's beaten-down president will probably find a face-saving way to fold, unless — a big unless — the sourpusses and naysayers at home, immune to a Gorby fever, threaten to raise such a persuasive ruckus that none of the treaties would be ratified. Countervailing pressure is essential to a solid deal.

That is when a suitable compromise can be reached permitting testing without secrecy and reducing missiles and armies. If history proves that Americans who like Gorby were right to trust their hopes, nothing will have been lost by hoping tough. If the crowd that distrusts him turns out to be right, and makes its influence felt, then the greatest danger to world freedom will have been averted.

The Washington Post.



LETTERS TO THE EDITOR

In Defense of the Japanese

Regarding "Japan Is On the Right Side, but Chinese Are More Fair" (Nov. 20):

I was disappointed by William Safire's diatribe against Japan. What kind of nonsense is this — our side/their side, friendly/grumpy taxi drivers — as social or economic analysis?

As for the Japanese market being artificially propped up: There is a limit to how much and how long that can be done, and the Japanese market, many predict, is heading for a big fall.

Mr. Safire blasts the Japanese rice lobby, failing to mention that subsidized farming is an international phenomenon. He says Japanese construction costs are high because foreign competitors are excluded. Perhaps, but is the American construction industry so open and corruption-free that it is free to cast stones?

Far from scorning America's lifestyles, as the writer claims, many Japanese — like most people around the world — seek to emulate Americans' prosperity. They do it by working long hours, at lower than American wages, and with highly integrated teamwork and with fundamental respect for their work and the work of others. The result is higher quality and more innovative and less expensive products than Americans can buy from American industry.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Asia Has Office Games, Too

Office games are not confined to Hollywood (Letters, Nov. 11). Although I never visited Yasuhiro Nakasone's prime ministerial office, the office he had as an ordinary Diet member sported a door just 6 feet high (1.82 meters). Any gajin, or foreigner, more than 6 feet tall either had to bow as he entered or suffer a sharp knock on the head. It was said by Mr. Nakasone's staff that the boss designed the door for precisely this result: Tall gajins must either bow or be punished.

South Korea's late President Park Chung Hee stage-managed a visitor's bow in a different way. He would bow very deeply as a foreigner entered but then snap upright. A strategically placed then snap upright. A strategically placed then snap upright.

Photos in the following day's newspapers showed the foreigner, who was usually taller than Mr. Park, in a humble posture, with the Korean towering over him.

ANTHONY PAUL  
Hong Kong.

Germany Didn't Need It

Regarding "The October Revolution: Let History Pass Judgment" (Letters, Nov. 25): R. Nayar manifests what he imputes to William Pfaff. "Lack of historical sense," by asserting that "the modicum of democratic reform represented by the Weimar Republic was owed in no small degree to the Bolshevik example." Nothing could be further from the truth.

JOACHIM von ELBE  
Bonn.

A Referendum of Sorts

Desperate men would rather kill and be killed in order to stay in a Yanqui prison than go back to Cuba — even though Fidel Castro promised that no reprisals would be taken. So much for the "fruits" of the Cuban revolution.

JACK JOLIS  
Brasschaat, Belgium.

A Missionary Approves

Thank you for printing Roger Morris's "Evangelism Is an Old Story That Needs More Attention" (Meanwhile, Nov. 3). As a missionary myself, I found the article to be extremely well written and its content excellent.

WENDELL L. GOLDEN  
Kinshasa, Zaire.

While the Russian Smiled, Cynicism Seemed Less Chic

By Tom Shales

WASHINGTON — He looked like a guy who could tell a good joke, or play a mean game of poker. "A Conversation with Mikhail S. Gorbachev," Monday night's exclusive NBC News interview, gave Americans their most intimate and penetrating look yet at the Soviet leader — indeed, probably the best American television close-up of any Soviet leader ever.

Mr. Gorbachev seemed assured, relaxed and amiable in the interview, re-

lated and credited "an interview with Tom Brokaw of NBC News." So did Peter Jennings on ABC. Neither CBS News nor ABC News has been able to obtain its own Gorbachev interview. CBS was turned down flat by the Russians.

On "NBC Nightly News" the interview was of course lavishly ballyhooed, in six minutes of excerpts at the start of the show and a two-minute feature piece at the end. NBC News has a promotion machine geared for the Gorbachev coup.

Mr. Gorbachev must know he is charming. Because he attempted to beguile Mr. Brokaw on a number of occasions. He began one answer by saying, "Mr. Brokaw, you will not be offended if I'm forthright and say that I assume that I have a very educated man sitting across the table from me, and a very well informed one." Mr. Brokaw lapped that up.

Later Mr. Gorbachev suggested that a question about the Soviet farm crisis should be asked to Mr. Brokaw by President Reagan. Mr. Brokaw grinned and said, "No, this information is widely available in America to presidents and humble reporters alike." Humble reporters? Gimme a break!

It really was a mutual bull session, when you come right down to it. But the chance to observe Mr. Gorbachev at close range carried undeniable fascination.

For NBC, however, the victory has its Pyrrhic side. CBS was turned down, the Kremlin indicated, because Mr. Rather and colleagues have been too tough on the Soviets over their brutal policies in Afghanistan. NBC News must feel a certain stigma in being deemed the network that Moscow considered the safest.

If only Mr. Brokaw had had the guts to ask, "Why did you agree to talk only to one network and not to all three?" He made a specific reference to NBC early in the hour, and never the end referred to the audience as "my American viewers," suggesting that the propagandistic opportunities of the appearance were anything but lost on him. He must surely have read, too, about Mr. Reagan's skillful uses of television to obtain direct access to the American home.

Gorby, however, is no Gipper. The Washington Post.

He Had It His Own Way

THE Soviet leader filled the screen. We may not remember exactly what he said, but it is hard to forget how he said it. Self-confidence was exuded in his every word. Mikhail Gorbachev knows how to use television. NBC was correct in calling the program "a conversation" and not an interview. An interview, especially one with a political figure, has hints of an adversarial proceeding.

—John Corry in The New York Times.

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Dr. Jürgen Heraeus  
Chairman  
Heraeus Edelmetalle GmbH  
Hanau, West Germany



A dentist using Heraeus materials to treat a patient at a private dental clinic in Osaka, Japan.

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SCIENCE

IN BRIEF

100,000-Year-Old Human Blood on a Stone

The Two Faces of Vincent Van Gogh

CHICAGO (UPI) — When art aficionados view Vincent van Gogh's "Irises," they see a brilliant depiction in oil of a bed of purple-blue flowers. When investors examine the canvas, they see \$53.9 million. But when psychiatrists pore over the angry brush strokes and aggressive composition, they see a deeply disturbed individual.

At a meeting of specialists treating multiple personality disorders, Dr. John C. Curtis of Dalhousie University in Halifax, Nova Scotia, presented evidence that van Gogh suffered from either a split personality or a mood disorder so severe it often made him behave like two different people.

Like the psychiatric prospectors before him, Dr. Curtis bases his hypothesis on a reading of five volumes of van Gogh's letters. A temperamental artist who spent much of his last two years in an asylum, van Gogh suspected something was wrong. He wrote to his sister of fainting spells and blackouts in which whole spans of time would be lost to him.

British Cold Unit Closes Without Cure

LONDON (Reuters) — After 40 years of paying people to get sick, a group of British medical researchers is giving up its quest for a cure for the common cold. For the past four decades the state-funded Medical Research Council has given volunteers a two-week holiday at a former U.S. military hospital in the southwest county of Wiltshire.

The volunteers were paid a daily allowance and expenses for having a virus or placebo dropped into their nostrils, but only about a third caught colds.

Now the Common Cold Unit, still without a cure, has announced it will close when its director retires in 1990, giving the council an annual savings of £500,000 (\$913,000).

True or False? Anatomy of a Smile

SAN FRANCISCO (NYT) — The false smile has been unmasked by research identifying the different muscle patterns in smiles that reflect true delight and those that mask displeasure. The research may be of particular importance to physicians or psychotherapists who need to know when a person is trying to hide pain or anguish. It holds interest for anyone who wants to tell if a smile may be lying.

Dr. Paul Ekman, a psychologist who directs the Human Interaction Laboratory at the University of California, has, with Wallace Friesen, developed a technique for analyzing patterns made by more than 100 face muscles as a person changes expression. With their method, they are able to determine precisely which of those muscles is at play when the face takes on a given emotional expression.

In the study, real smiles differed from those that hid unhappy feelings on two counts. In spontaneous smiles, the cheeks move up and the muscles around the eyes tighten, making crow's feet. In the false smiles, however, the face reveals traces of unhappy feelings behind the smile — for instance, a slight furrowing of the muscle between the eyebrows — that can be seen apart from the supposed expression of pleasure. The eyes will not develop crow's feet unless the smile is especially broad.

By John Noble Wilford  
New York Times Service

DARK brown stains preserved on a 100,000-year-old stone cutting tool have been identified as the remains of human blood, the oldest human blood ever analyzed. Scientists believe the discovery, though tainted by controversy, points to a new means of exploring early human life.

The blood could be that of a Neanderthal human, although archaeologists say they cannot be sure. Nor do they know how the blood got there.

For scientists there are two stories: the finding itself and the history of dispute and suspicion that have dogged the research for several years.

The tools were discovered 35 years ago in Iraq, and the bloodstains were noticed three years ago and declared human by a Canadian scientist. His methods and conclusions were attacked as faulty, but new and widely accepted techniques have reaffirmed the conclusion that the blood is human.

The new analysis determining the presence of human blood was conducted by Jerold M. Lowenstein, a clinical professor of medicine at the University of California at San Francisco, who is a specialist in applying biochemical techniques to evolutionary problems. He used a technique known as radioimmunoassay, which is considered especially reliable for identifying proteins in fossils and other organic tissue.

The bloodstain on the stone tool, Dr. Lowenstein said last week, "turned out to be definitely human."

Success in extending the analysis of prehistoric blood back so long ago suggests a new means of studying the genetic relatedness of early species and tracing the course of human evolution. The place of extinct species on the family trees of

living organisms has previously been determined on the basis of anatomy, as revealed in the fossils of bone, shell or teeth.

"This has tremendous possibility as a direct way of studying extinct creatures on a molecular level," Dr. Lowenstein said. "We've never been able to do that with extinct species."

A comparison of proteins and gene molecules in living species has, for example, revealed the close relationship among humans, apes, gorillas and chimpanzees.

Now that it has been demonstrated that blood can survive at least 100,000 years, Dr. Lowenstein said, scientists should be able to make similar comparisons involving extinct species. One of the disputed issues in human evolution is whether Neanderthals were Homo sapiens, part of the lineage of modern humans, or the final remnants of the precursor Homo erectus species.

Dr. Lowenstein said the tests he conducted were not capable of determining fine genetic differences between the toolmakers and modern humans. If other proteins that evolve more rapidly were to be examined in new tests, he said, scientists "might be able to distinguish between subspecies of humans." If white blood cells can be found preserved in the samples, scientists might be able to extract mitochondrial DNA, genetic material that mutates rapidly and thus is useful in studying evolutionary histories of species.

Finishing the prehistoric human blood seemed to vindicate Thomas H. Loy, the Canadian scientist who originally examined the stains and pronounced them to be human.

However, Dr. Loy's career is under a cloud, in part because, according to scientists who had worked with him, his methods and results were suspect. Last May, he was dismissed from the staff of the Royal



Tool shows traces of blood.

British Columbia Museum in Victoria. His dismissal is being appealed.

James C. Haggarty, chief of the human history section at the museum, said he could not comment on the circumstances of Dr. Loy's dismissal because of the appeal. He said that an independent team of university scientists had reviewed Dr. Loy's work before the dismissal.

Repeated attempts to reach Dr. Loy by telephone were unsuccessful. He is a visiting fellow at the Research School of Pacific Studies at the Australian National University in Canberra.

Doubts about Dr. Loy's research point up a thorny problem in the dissemination of scientific findings: when and how to alert other scientists of questions concerning the validity of previously reported research results.

Only the few scientists familiar with Dr. Loy's work were aware of his dismissal. Dr. Haggarty said that the museum had a responsibility to inform other scientists if reported research turned out to be invalid but, he added, this "should not precede a fair hearing."

Meanwhile, an article in the Nov. 5 issue of the British journal Nature reported that new techniques developed by Dr. Loy "have led to the discovery of Neanderthal blood on a stone tool" from Iraq. The article, by Paul G. Bahn, who is a British writer on archaeology, made no reference to any doubts about Dr. Loy's work.

Scientists were impressed and excited by the first report of Dr. Loy's blood analysis. In a report published in the June 17, 1983, issue of the journal Science, Dr. Loy said he had identified the blood residues of animals surviving on ancient stone knives found in Canada. His method was to crystallize the hemoglobin in the blood and compare it with crystals prepared by the same technique from modern control blood smears of known species.

After this report, according to Dr. Lowenstein, Dr. Loy twice brought samples of the Canadian stone weapons to Dr. Lowenstein for an independent examination. The California scientist's testing technique produced similar, confirming results.

But the Nature article reported that Dr. Loy had abandoned his original hemoglobin crystallization method, replacing it with a system

for separating and identifying immunoglobulin, the second most common protein in blood serum.

Later, archaeologists at the Oriental Institute of the University of Chicago who had read of Dr. Loy's work invited him to inspect some stone tools in their collections. Robert J. Braidwood, an emeritus professor at the university, recalled that Dr. Loy borrowed several specimens for analysis. Andrew Wood, a research assistant on the institute's prehistoric project, has recovered blood from such tools, which were excavated in the 1950s by archaeologists working with Dr. Braidwood at a site in Iraq known as Barta Balka. Geological clues indicated that the tools were about 100,000 years old.

Of the 25 tools he analyzed, according to the Nature article, Dr. Loy reported obtaining positive reactions for the presence of human immunoglobulin on 18.

In June 1985, Dr. Lowenstein recalled, Dr. Loy asked him to analyze two of the Barta Balka specimens. Dr. Lowenstein's radioimmunoassay technique had become widely accepted among scientists. It had been applied to detecting and identifying proteins in Egyptian mummies and the fossil bones of 20,000-year-old Cro-Magnon

humans as well as human ancestors at least 1.9 million years old.

For the stone-tool tests, Dr. Lowenstein said, he took antibodies to human albumin, the major protein in blood serum, that had been produced in rabbits stimulated by periodic injections. These antibodies will react most strongly with human albumin, will react weakly with other albumin of primates such as chimpanzees and gorillas and will react more weakly, not at all, with that of other mammals. A strong reaction thus is evidence that the substance being tested is human.

Dr. Lowenstein said he got a reaction at all in tests on the blood from one tool, but a strong positive reaction from the other.

"I became suspicious very early," Dr. Lowenstein said, reading his working relationship with Dr. Loy. "He would never tell me his results. He wanted to know of results before he would tell us."

Despite the controversy, Dr. Lowenstein emphasized that the blood on the stone tool was human and that more detailed studies of more artifacts will "open up tremendous possibilities for genetic prehistoric genetic information we've always dreamed of."

Alzheimer's: The Decline Of an Artist

New York Times Service

ALZHEIMER'S disease destroys minds, but there have been few opportunities to study the disorder's impact on artistic creativity, one of the highest expressions of the human mind.

Now two California researchers studying the work of an artist believed to be afflicted with the disorder have found insight into the apparent course of the disease and the neurological basis of creativity.

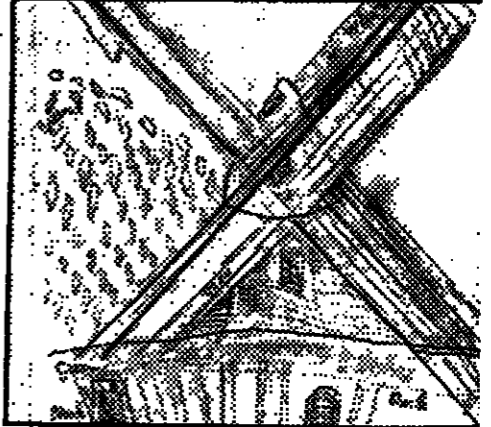
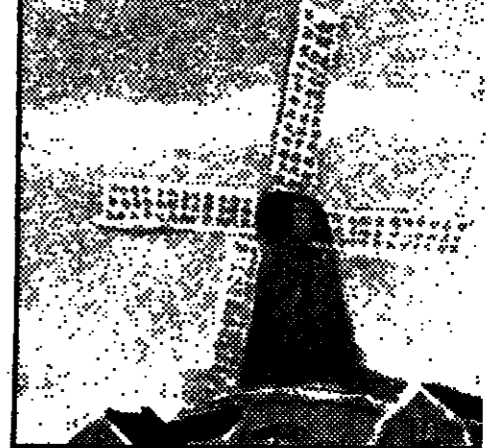
The researchers, Dr. Jeffrey L. Cummings of the University of California and Dr. Judy M. Zarit of the University of Southern California in Los Angeles, reported in the Journal of the American Medical Association on a painter who began to show signs of Alzheimer's disease in his late 60s.

When examined at the age of 74, he could not remember words three minutes after they were addressed to him. He was able to copy complex abstract figures, but his artistic ability had deteriorated.

A painting completed at the time behavioral changes were first apparent shows good perspective, color sense and attention to detail. A second, done seven years later, shows deterioration of all of these qualities, but retains some artistry. In a third picture, a sketch of the same subject done two years after that, the artist could only copy gross details from previous paintings.

Testing over several years indicated that he first lost motivation, memory and organizational ability, while visual perception and the physical ability to draw lasted longer.

Deterioration in drawing, from top: A windmill painted near the onset of Alzheimer's disease symptoms, the same scene painted again seven years later, and a sketch done two years after that.



Data Comparing Contraceptives Is Misleading, Biased, Defective

By Gina Kolata  
New York Times Service

THE available data on the comparative effectiveness of different contraceptives is misleading and only marginally useful in helping people choose which method to use, according to a new study and a growing number of health experts.

The new study cited defects in the way previous studies have been done. The researchers said the data usually reflect a bias in favor of the pill and the intrauterine device.

The findings are important because women make their decision on which contraceptive to use after weighing two factors: the side effects of a particular contraceptive and its presumed efficacy.

The researchers, Dr. James Trussell and Dr. Kathryn Kost of Princeton University, are calling for a new effort to examine the relative efficacy of contraceptives.

Their report was published in the journal Studies in Family Planning. "Right now," Dr. Trussell said, available data on contraception is "a giant castle built in sand."

There is no doubt that the methods vary somewhat in how well they prevent pregnancy. The pill is usually ranked first, followed by the IUD and then condoms, diaphragms, foam and other methods. The Princeton researchers said they guessed that the pill was, in fact, the best, but they said that no one knows how much better than the IUD it is, or whether both methods are more effective than some others.

It is likely, the researchers said, that all the methods are extremely effective and they differ most in whether they are being used properly and consistently. The pill, for instance, tends to be used consistently, while the diaphragm is used less consistently.

It is more important for women to select a contraceptive they will use consistently than to choose one, according to published data on its efficacy, they said.

Dr. Trussell and Dr. Kost said

they arrived at their conclusions after reviewing the hundreds of papers on contraceptive failure.

One problem, the scientists said, was that the studies usually failed to follow up on women who dropped out of the research. The number of women lost to follow-up was frequently several times larger than the number who became pregnant, making the data impossible to interpret, Dr. Trussell said.

The studies also failed to determine the effectiveness of methods for ideal users — those who used

protect women whose cervixes were enlarged by previous childbirth.

A universal drawback of the contraception studies, the scientist said, is "selection bias." Women who are most anxious to avoid pregnancy will select methods they believe are most effective, so the group using pills, for example, is always more motivated to use the method correctly than those using contraceptive foams. Even if the foam were just as effective as the pill, more women using foam would become pregnant.

Study drop-outs can also introduce serious error, according to the researchers. Dr. Trussell and Dr. Kost noted that "it is not uncommon for 15 percent of women simply to disappear from the trial without the investigators being able to determine whether or not they became pregnant."

Dr. Trussell noted that one study of contraceptive foams reported that only 4.3 percent of the women became pregnant in 20 months. However, 16 percent of the women dropped out and it was unknown whether they were pregnant. Dr. Trussell calculated that if just 2 percent of those drop-outs were pregnant, the failure rate of the foams would be double that reported by the investigators.

Dr. Trussell also noted that it was nearly impossible to determine how effective a contraceptive is if it is used at every instance of sexual intercourse. The reason, he said, is that there is no way of independently verifying how correctly a contraceptive is used.

The researchers were dismayed, however, by old and unreliable studies of the condom, particularly since condom use is gaining again because condoms offer some protection against infection by the AIDS virus.

Yet, said Dr. Trussell, "it is extremely hard to find any modern studies of condoms. How effective are they? How often do they break? No one knows."

**Contraceptive Choices**

Methods selected by U.S. women aged 15-44 who use contraception. Data are latest available, from 1982.

Sterilization	34%
Pill	30%
Condom	13%
Diaphragm	9%
IUD	8%
Periodic abstinence	6%
Other methods	less than 2%

Source: The National Center for Health Statistics

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Denmark D.Kr.	2,500	31	1,400	23	770	15
Finland F.M.	1,730	41	950	35	520	29
France F.F.	1,500	41	820	36	450	29
Germany* D.M.	580	41	320	35	175	29
Gr. Britain £	130	40	72	34	40	27
Greece Dr.	22,000	45	12,000	40	6,600	34
Ireland £Ir.	150	45	82	40	45	34
Italy Lire	380,000	42	210,000	36	115,000	30
Luxembourg L.Fr.	11,500	37	6,300	31	3,400	25
Netherlands Fl.	650	40	360	34	198	27
Norway (post) N.Kr.	1,800	38	990	32	540	26
— ** (hd. del.) N.Kr.	2,300	21	1,270	13	700	4
Portugal Esc.	22,000	52	12,000	47	6,600	42
Spain (post) Ptas.	29,000	41	16,000	35	8,800	28
— Madrid (hd. del.) Ptas.	42,000	15	21,000	15	10,500	15
Sweden (post) S.Kr.	1,800	38	990	32	540	26
— ** (hd. del.) S.Kr.	2,300	21	1,270	13	700	4
Switzerland S.Fr.	510	44	280	38	154	32
Rest of Europe, N. Africa, former Fr. Africa, Middle East \$	430	Varies by country	230	Varies by country	125	Varies by country
Rest of Africa, Gulf States, Asia \$	580		320		175	

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Vol.	High	Low	Last	Chg.
ChlEd	11673	17 1/4	17 1/4	+ 1/4
Genl	11673	28 1/2	28 1/2	+ 1/2
Intell	11673	28 1/2	28 1/2	+ 1/2
Intell	11673	28 1/2	28 1/2	+ 1/2
Intell	11673	28 1/2	28 1/2	+ 1/2
Intell	11673	28 1/2	28 1/2	+ 1/2
Intell	11673	28 1/2	28 1/2	+ 1/2
Intell	11673	28 1/2	28 1/2	+ 1/2
Intell	11673	28 1/2	28 1/2	+ 1/2
Intell	11673	28 1/2	28 1/2	+ 1/2

NYSE adv. volume	148,890,000
NYSE adv. volume	148,890,000
NYSE adv. volume	148,890,000
NYSE adv. volume	148,890,000
NYSE adv. volume	148,890,000
NYSE adv. volume	148,890,000
NYSE adv. volume	148,890,000
NYSE adv. volume	148,890,000
NYSE adv. volume	148,890,000
NYSE adv. volume	148,890,000

High	Low	Close	Chg.
131.92	131.82	131.91	+ 0.07
131.92	131.82	131.91	+ 0.07
131.92	131.82	131.91	+ 0.07
131.92	131.82	131.91	+ 0.07
131.92	131.82	131.91	+ 0.07

Wednesday's  
**NYSE**  
Closing  
Via The Associated Press

Close	Prev.
238	239
238	239
238	239
238	239
238	239

Close	Chg.	Week Ago	Year Ago
365.27	+ 0.87	365.27	365.27
365.27	+ 0.87	365.27	365.27
365.27	+ 0.87	365.27	365.27
365.27	+ 0.87	365.27	365.27
365.27	+ 0.87	365.27	365.27

Vol.	High	Low	Last	Chg.
3560	10 1/4	10 1/4	10 1/4	+ 1/4
2881	17 1/2	17 1/2	17 1/2	+ 1/2
2130	24 1/2	24 1/2	24 1/2	+ 1/2
1844	17 1/2	17 1/2	17 1/2	+ 1/2
1297	10 1/4	10 1/4	10 1/4	+ 1/4
1098	10 1/4	10 1/4	10 1/4	+ 1/4
1098	10 1/4	10 1/4	10 1/4	+ 1/4
1098	10 1/4	10 1/4	10 1/4	+ 1/4
1098	10 1/4	10 1/4	10 1/4	+ 1/4
1098	10 1/4	10 1/4	10 1/4	+ 1/4

Close	Chg.
84.4	+ 0.2
84.4	+ 0.2
84.4	+ 0.2
84.4	+ 0.2
84.4	+ 0.2

Class	Prev.
259	259
259	259
259	259
259	259
259	259

Buy	Sales	*\$M
27,297	46,526	1,825
44,622	30,235	1,125
143,148	261,476	5,224
24,234	36,279	1,215
24,234	36,279	1,215

Open	High	Low	Last	Chg.
1842.67	1871.52	1852.57	1864.97	+ 6.63
174.46	178.25	176.29	177.25	+ 0.52
174.46	178.25	176.29	177.25	+ 0.52
174.46	178.25	176.29	177.25	+ 0.52
174.46	178.25	176.29	177.25	+ 0.52

High	Low	Close	Chg.
268.12	267.28	267.28	+ 0.17
268.12	267.28	267.28	+ 0.17
268.12	267.28	267.28	+ 0.17
268.12	267.28	267.28	+ 0.17
268.12	267.28	267.28	+ 0.17

Close	Prev.
1,256	1,256
1,256	1,256
1,256	1,256
1,256	1,256
1,256	1,256

High	Low	Close	Chg.
247.8	246.24	247.82	+ 0.14
247.8	246.24	247.82	+ 0.14
247.8	246.24	247.82	+ 0.14
247.8	246.24	247.82	+ 0.14
247.8	246.24	247.82	+ 0.14

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div. Yld. PE	52 High	52 Low	Close	Chg.
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2

### NYSE Stocks Narrowly Mixed

**United Press International**  
NEW YORK — Prices on the New York Stock Exchange failed to sustain a late afternoon advance Wednesday and closed mixed in relatively quiet trading.

The Dow Jones industrial average, which had risen 8.79 points Tuesday, climbed 6.63 to close at 1,848.97. The Dow had been ahead more than 20 points less than 30 minutes before the close.

Broader market indexes also rose slightly. The New York Stock Exchange index gained 0.71 to 131.21. Standard & Poor's 500-stock index added 1.45 to 233.45. The average share added 16 cents.

But declines led advances by about a 6-5 ratio. Volume was 148.89 million shares, down slightly from 149.87 million shares traded Tuesday.

"The market has had a good time throughout the day," said Ernie Rudnet, manager of block trading at Mabon, Nugent & Co. But "there is no conviction. It wouldn't take much for this market to get battered around. Nor would it take much to go forward. It's a very neutral market."

Mr. Rudnet said the market remained uncertain because "there are just too many things we don't control," including the outcome of the budget-reduction process in Washington, efforts to stabilize the dollar, moves by trading partners to stimulate their economies and consumer spending.

"All of those things are on people's minds," he said. "Until we start eliminating some of them," the uncertainties should continue.

Eugene Peroni Jr., chief technical analyst at Janney Montgomery Scott Inc. in Philadelphia, said the market would probably "be in a confined range over the next few weeks. That narrow corridor will be defined by intermittent

### perceptions about the dollar, interest rates and Capitol Hill activity on the budget."

Mr. Peroni said the market "is very much pigtailed to the dollar."

"However, the concern is not so much with the immediate swings, but with perceptions as to the steps to arrest its fall," he said. "There is an emerging sense of confidence about cooperation among our allies about interest rates."

Ohio Edison was the most active NYSE-listed issue, up 1/4 to 19 1/4.

Texas Utilities followed, down 1/4 to 27 1/4. General Electric was third, off 1/4 to 41 1/4.

AT&T was up 1/4 to 27 1/4. IBM slipped 1/4 to 110 1/4.

Texasco gained 2 1/4 to 33. Pennzoil was up 2 1/4 to 78. Texasco asked a bankruptcy judge to extend the deadline for the company to file a reorganization plan by only 40 days, saying the "time is ripe for negotiation" in its \$10.3 billion legal battle with Pennzoil.

**NYSE to Expand Capacity**  
The New York Stock Exchange announced Wednesday new efforts to expand its capacity to handle trading activity in the aftermath of the October stock market collapse, the Associated Press reported from Boca Raton, Florida.

John J. Phelan Jr., the NYSE chairman, told a convention of brokers that they must assume that the heavy volume that accompanied the Oct. 19 collapse was "not merely an aberration."

"We have to move expeditiously to prepare ourselves to handle more peak loads of 600 million shares a day," Mr. Phelan said.

On Oct. 19 and Oct. 20, slightly more than 600 million shares traded on the NYSE, nearly double the previous record of 338.48 million shares on the Friday before the collapse.

12 Month High	Low	Stock	Div. Yld. PE	52 High	52 Low	Close	Chg.
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2

12 Month High	Low	Stock	Div. Yld. PE	52 High	52 Low	Close	Chg.
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2

12 Month High	Low	Stock	Div. Yld. PE	52 High	52 Low	Close	Chg.
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2

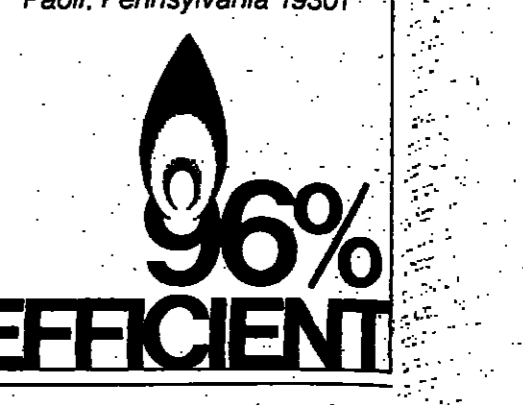
12 Month High	Low	Stock	Div. Yld. PE	52 High	52 Low	Close	Chg.
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2

12 Month High	Low	Stock	Div. Yld. PE	52 High	52 Low	Close	Chg.
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2
22 1/2	14 1/2	AA	3.8	22 1/2	14 1/2	18 1/2	+ 1/2

(Continued on next left-hand page)

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TO COMPUTER EQUIPMENT TOSHIBA Page 11

FROM AUDIO EQUIPMENT

WALL STREET WATCH GM, AT&T Pension Plans Invest in Takeover Fund

By ROBERT J. COLE New York Times Service NEW YORK — The pension funds of General Motors Corp. and American Telephone and Telegraph Co. are investing substantially more than \$100 million each in a \$1.1 billion fund to finance friendly takeovers...

But Thomas A. Saunders, a managing director of the investment banking house and chairman of the fund, said there were close to 50 major participants, including several that were providing more than \$100 million apiece. He declined to discuss GM's or AT&T's participation, although insiders said that employees of both companies would take part through their respective pension funds.

Like other buyout groups, more commonly known as leveraged buyout funds because of their huge leverage, or debt, the Morgan fund seeks to give investors a high annual return — in Morgan's case, 40 percent. Despite October's market slide, the outlook for leveraged buyouts is viewed as particularly strong because the cost of buying companies has dropped so sharply.

Mr. Saunders said that 15 leading Japanese institutions were investing in the fund, including Industrial Bank of Japan, Nippon Credit Bank, Sumitomo Life Insurance Co., Mitsui Bank and Taiyo Mutual Life Insurance Co.

About 40 percent of the money, he added, would come from foreign banks, insurance companies and other big investors in Japan, Hong Kong, the Middle East and Western Europe. He said that several governments in the Middle East also were taking part, but that he could not identify them under the agreement.

Among the investors he was free to name, he said, were Chemical Bank, Bankers Trust Co., Equitable Life Assurance Society of the United States, Bank of Nova Scotia, Georgia Pacific Pension Fund and Morgan Stanley itself, which he said would invest \$100 million.

LEVERAGED buyouts, also known as management buyouts because they almost always provide for senior executives to stay on as part of the deal, have become extremely popular in the last few years.

In a typical buyout, investors buy a company, financing most of the deal with borrowed money. They pay off the debt through the cash flow, often selling parts of the company to hasten repayment. They then resell the remainder to stockholders, thus taking the company public again — often reaping substantial profits in a relatively short span and with a relatively small cash investment.

Since the Oct. 19 market slide, however, the market for new junk bond issues — a major financing vehicle in leveraged buyouts — has been weak. Analysts have attributed the weakness to concern that some companies might not have the cash flow to trim debt and that, if individual pieces of companies were sold, they might not be worth so much as they once were.

In a typical Morgan deal, Mr. Saunders said, the fund would make only equity investments in corporations it buys, that is, it will buy only common stock in the new company. The rest of the financing will come from banks, which provide the senior debt, and from junk bond buyers, such as insurers, pension funds and other financial institutions around the world, which buy the subordinated debt in the public market.

Donald B. Brennan, the head of Morgan's merchant banking department, said the fund would invest in deals involving as much as \$1 billion or more in basic American industries, occasionally creating new companies by combining parts from several sellers.

U.S. Sales Of Homes Off 1.5% New House Prices Fell in October

Compiled by the Staff From Dispatches WASHINGTON — Sales of new homes in the United States fell 1.5 percent in October, the second consecutive monthly decline, while prices dropped sharply, the government reported Wednesday.

The Commerce Department said new single-family homes were sold at a seasonally adjusted annual rate of 657,000 units in October.

The department revised September sales upward to show a 2.8 percent decline from August levels to a seasonally adjusted annual rate of 667,000 units. It previously had reported a 5.2 percent drop in September sales.

The median price of a new home fell 5.5 percent to \$104,000 in October from the record \$110,000 in September. The decline pushed the median price to its lowest level since April, when it was \$96,500. In October 1986, the median home price was \$96,700.

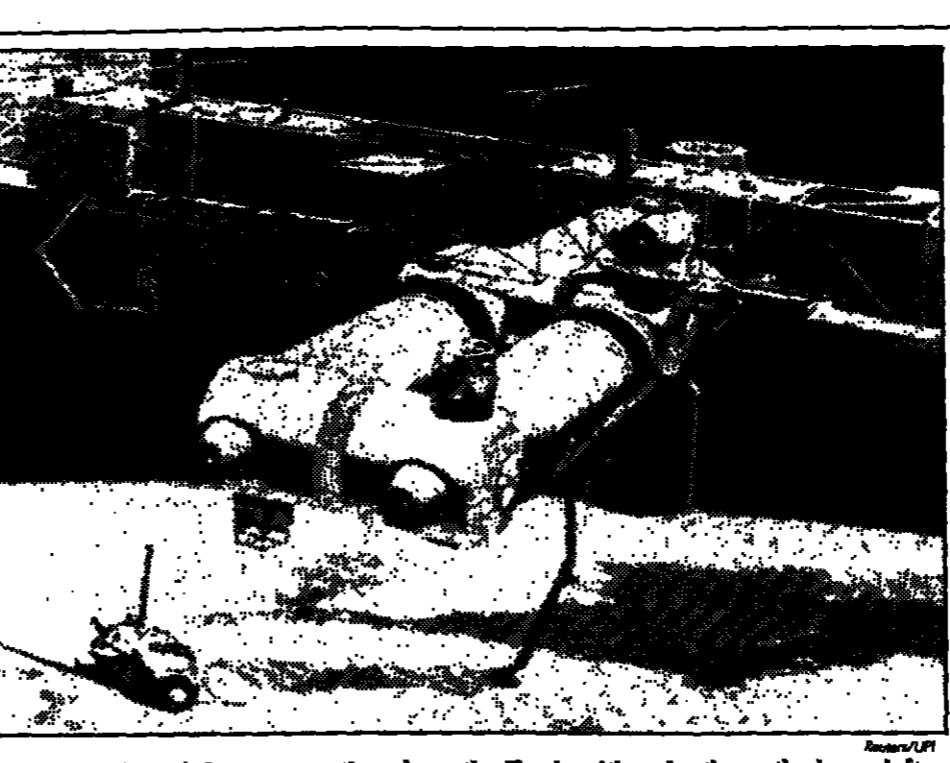
The average price of a new home fell even more sharply, dropping to \$122,400, down 10.1 percent from September's \$136,100.

The sales weakness came during a month when mortgage rates had climbed sharply, jumping to a two-year high of 11.58 percent on Oct. 16. Rates, however, have dropped by a full percentage point since then as the Federal Reserve has pushed interest rates lower after the Oct. 19 collapse in stock prices.

For the first 10 months of the year, new home sales were down 9 percent from the pace recorded during the comparable period in 1986.

The steep decline was concentrated in the Northeast and the South. Sales in the South fell 19.6 percent to an annual rate of 226,000 units. Sales were off 18.7 percent in the Northeast to an annual rate of 100,000 units.

In the Midwest, however, sales soared 47.4 percent to an annual rate of 112,000 units, and sales were up in the West by 16 percent to an annual rate of 360,000 units. (AP, Reuters)



A conception of the space station above the Earth, with a shuttle on the lower left.

For Space Firms, a Nebulous Victory 4 Win Contracts for U.S. Station, but Budget Cuts Loom

By Richard W. Stevenson New York Times Service NEW YORK — The National Aeronautics and Space Administration has awarded contracts to four American companies to start building the nation's first permanent outpost in space.

The project would cost at least \$14 billion and would be the last manned U.S. space program of this century.

The contracts were awarded Tuesday to the aerospace divisions of Boeing Co., McDonnell Douglas Corp., General Electric Co. and Rockwell International Corp.

The station, as planned, would consist of a group of modules attached to a 350-foot (106-meter) lattice-work and powered by solar energy. It also would serve as a base for exploration of Mars and other planets.

Orbiting 250 miles (400 kilometers) above the Earth, it would carry a crew of six to eight. The initial contracts for the space station are worth \$5 billion, but could go much higher if the program progresses as planned.

The agency awarded the contracts despite considerable uncertainty about the willingness of Congress to finance the program at a time of mounting pressure to cut the federal budget deficit.

"Our guess at this point is that there will be enough to go ahead with these contracts, but we don't really know how much," said James C. Fletcher, NASA's administrator, at a news conference at the Goddard Space Flight Center in Greenbelt, Maryland.

The contracts cover the cost of designing and building the station's components, but do not include other costs such as the 19 space shuttle flights required to boost the pieces into orbit.

The selection of the four companies capped years of intense competition in which winners and losers alike spent up to \$75 million each of their own funds on preliminary design proposals and engineering work.

The biggest loser was Martin Marietta Corp., which came away empty-handed after spending tens of millions on its bid.

Officials said the contracts would create 12,000 jobs around the United States, concentrated mainly in California, Alabama and Texas. Significant work also is planned in Pennsylvania, Connecticut and New Jersey.

Congress has not yet determined how much to spend on the station following an agreement negotiated last month to reduce the federal budget deficit by \$76 billion over two years. Current plans call for the station to be manned and operational in 1996.

NASA has asked for \$767 million for the station in fiscal 1988, which began Oct. 1, with spending to rise steadily to about \$3 billion by 1992.

Representative Bill Nelson, a Florida Democrat who is chairman of the House space science and applications subcommittee, said it "remains unclear exactly how much money NASA will receive" in the current fiscal year.

"We do know that NASA's budget will be very tight," he said. Whatever the outcome of this year's budget process, financing is likely to remain a problem for the station in coming years. Critics

breaking off informal talks with Shearson over a \$1.5 billion merger, that it wanted to remain independent. But continuing financial problems, exacerbated by the stock market's October collapse and two severe bond market slumps this year, prompted the firm to seek a buyer or a major infusion of capital.

A number of major Wall Street firms in recent years have sought outside investors or new partners in order to gain access to the massive amounts of fresh capital needed to meet tightening competition in the expanding global financial markets.

Shearson earlier this year sold a 13 percent stake in itself to Nippon Life Insurance Co. of Japan for \$538 million. In May, privately held Smith Barney Inc. was acquired by Primerica Corp. for \$750 million.

Last year, Goldman, Sachs & Co. sold a minority stake to Japan's Sumitomo Bank Ltd. in return for an investment of about \$500 million, and Kidder, Peabody & Co. sold an 80 percent stake to General Electric Co. (Reuters, AP)

Mr. Romney said that for each of their shares, Hutton stockholders would receive \$25 in cash and preferred stock in Shearson worth about \$5.

He said Shearson, which is 69.6 percent owned by American Express Co., had outbid Dean Witter Reynolds Inc., a subsidiary of Sears, Roebuck & Co.

Merrill Lynch & Co. and Equitable Life Assurance Society of America had expressed interest in acquiring Hutton. Neither Merrill Lynch nor Equitable had made an offer, he said, but both had said they would be willing to discuss an acquisition if merger talks fell through.

Mr. Romney said it was still unclear how the acquisition would affect Hutton staffing and operations. Once completed, the deal will leave Shearson with a retail brokerage force exceeding 12,000, making it one of the largest U.S. brokerage firms along with Merrill Lynch. The merger will greatly enhance its money-management operation.

Analysts have said Shearson likely would make large cuts in Hutton's staff of 19,000 because of a number of duplicate operations, while attempting to hold on to top stockbrokers and other key employees.

The 84-year-old Hutton has been plagued by inconsistent financial results in recent years, and by a major scandal in 1985 in which it pleaded guilty to 2,000 counts of federal mail and wire fraud stemming from a check-overdraft scheme. Hutton indicated last year, after

See SPACE, Page 13

Comecon Edging Toward Trade Accord With EC

By James M. Markham New York Times Service BRUSSELS — After three decades of nearly uninterrupted hostility and estrangement, the trading bloc grouping the Soviet Union and its East European allies is moving closer to establishing diplomatic and commercial relations with the European Community.

New moves to normalize the ties with the 12-nation EC began last year in Geneva, and were the first in six years. Previous talks had failed as East-West relations deteriorated and the two sides could not agree on terms of any EC-Comecon relationship.

The negotiations, expected to be completed as early as next year, have been a major foreign policy goal of Mikhail S. Gorbachev, the Soviet leader, and could boost trade across Europe's ideological divide.

West Germany, eager to expand its exports, has been the most vigorous champion of the EC's opening to Eastern Europe. Already, under a peculiar 30-year-old arrangement, East Germany has handy access to EC markets, because its exports to West Germany are considered "inter-German trade."

The West German chancellor, Helmut Kohl, is known to want to complete the negotiations with the Soviet-led Comecon, formally known as the Council for Mutual Economic Assistance, when West Germany takes over the EC rotating presidency for a six-month period on Jan. 1.

"It is the East that has moved to accommodate us and not the other way around," said Willy De Clerq, the community's commissioner for external relations, in an interview at its Brussels headquarters.

Mr. De Clerq noted that it was Mr. Gorbachev who in June 1985 effectively reversed a long-standing Soviet policy of hostility toward the European Community by having Comecon propose a normalization

of ties on terms that were acceptable to Brussels. Previously, Moscow had sought to have East European trade controlled by Comecon, whereas Brussels had insisted on striking individual arrangements with the Soviet Union's six East European allies.

The two organizations are now negotiating a vaguely worded declaration of mutual recognition while Hungary, Romania and Czechoslovakia are in the midst of negotiating or extending separate trade agreements. The accord with Hungary will be especially extensive. Janos Kadar, the Hungarian leader, met recently in Brussels with Mr. De Clerq and Jacques Delors, the president of the EC's executive body, to urge its swift conclusion.

The EC is also conducting exploratory talks with Poland and Bulgaria, while the Soviet Union and East Germany have so far refrained from making any formal overtures to the community.

Comecon also includes Mongolia, Vietnam and Cuba, which have expressed an interest in benefiting from the new relationship, but EC officials have said they will not be included.

For a decade, the EC has had an official relationship with China, and it is about to open a mission in Beijing.

Community officials and Western diplomats say that Mr. Gorbachev had several reasons for abandoning the Soviet Union's attempt to shun and isolate the European Community, an effort that Mr. De Clerq likened to a "guerrilla war."

One is that the community has become an unavoidable reality. "It is not normal," explained one top EC official, "that 130 nations are accredited here and our closest European neighbors are a blank spot on our map."

The opening to the community, too, comes as Mr. Gorbachev evidently foresees the need for an injection of Western capital and skills into the flagging Soviet and Eastern European economies.

Yet diplomats emphasize that the community itself has a power of attraction that could tug certain East European countries away from their political moorings.

While West Germany, the community's economic powerhouse, has pushed hardest for the overture to Comecon, other member countries have gone along out of hopes for expanded markets in the East and to avoid the impression that Bonn is making a solo effort. Without opposing the initiative, France and Britain have cautioned against its possible diplomatic pitfalls.

One stumbling block to the joint declaration now being negotiated between the two trading blocs is the Soviet insistence that West Berlin not be mentioned in the text as an EC area covered by all trade agreements. But Mr. De Clerq and other community officials said that this issue is not negotiable.

Currency Rates

Table with columns for Currency, Par \$, and various exchange rates for major currencies like British Pound, Swiss Franc, etc.

Other Dollar Values

Table listing values for various currencies such as Argentine, Australian, Canadian, etc.

Forward Rates

Table showing forward rates for various currencies and terms like 30-day, 60-day, 90-day.

Interest Rates

Table of Eurocurrency deposits for 1, 3, 6, and 12 months.

Key Money Rates

Table of money rates for various financial instruments like US Treasury bills, etc.

U.S. Money Market Funds

Table of U.S. money market funds with columns for fund name and yield.

Gold

Table of gold prices in various locations like London, New York, etc.

Advertisement for Elof Hansson, an international trading house active in pulp, paper, machinery, chemicals, timber, building material, textiles, foodstuffs, steel, consumer goods.

Large advertisement for CORUM Swiss watches, featuring a watch image and text about 'Spacious prestige apartments FREE FOR SALE TO FOREIGNERS'.



BUSINESS ROUNDUP

Plessey Mulls Buying GEC Chip Unit

Compiled by Our Staff From Dispatches

LONDON — A week after agreeing to buy the chip-making unit of Ferranti PLC, Plessey Co. said Wednesday that it was discussing a possible purchase of the semiconductor business of Britain's General Electric Co.

"We are holding talks with GEC, but it would be highly speculative to say more than that," said a spokesman for Plessey, the British telecommunications and defense electronics company. "We are talk-

ing about a possibility rather than a probability."

He said that the talks had not reached an advanced stage. GEC, Britain's largest manufacturing group, confirmed that it was discussing "arrangements" for its semiconductor business "with Plessey and other people."

Plessey acquired Ferranti's semiconductor business last week for £30 million (\$54.3 million). Analysts said that a merger of the Plessey and GEC semiconductor businesses would bolster Plessey's

position as the leading British chip maker.

GEC's semiconductor business could be worth up to £30 million, the analysts said, while the combined units of Plessey and Ferranti are valued at about £125 million.

In late trading on the London Stock Exchange, GEC's shares rose 3 pence to 158 pence while Plessey's were unchanged at 127.

Jack Summerscale, an electronics analyst with Barclays de Zoete Wedd, said that it would make sense for GEC to sell off its semiconductor business because it has not been making money in that sector for some time.

GEC reported a pretax profit Tuesday of £284 million for its fiscal first half ended Sept. 30, up 3 percent from £275 million a year earlier. The result was below the expectations of brokers, who had predicted a profit of £290 million to £320 million for the six-month period.

Plessey reported last month that its pretax profit fell 22 percent in its fiscal half ended Oct. 2, to £88.2 million from £87.4 million a year earlier.

Francis Brooke, an industry analyst with the brokers Kleinwort Greaveson Securities, said that the talks on GEC's semiconductor operations also reflected Plessey's desire to "show that the company is still fighting on after receiving lots of bad press over disappointing interim profit figures."

(Reuters, IHT)

Saatchi Reports 77% Increase In Pretax Profit

Reuters

LONDON — Saatchi & Saatchi Co., the world's largest advertising holding company, reported Wednesday that pretax profit for its fiscal year soared 77 percent to £124.1 million (\$225 million at current rates) from £70.1 million a year earlier.

Revenue for the year ending Sept. 30 was £3.95 billion, a 90 percent increase from £2.08 billion a year earlier. The results included the Ted Bates Worldwide Inc. advertising agency and other recent acquisitions.

Saatchi shares soared 21 pence to 394 pence in morning trading on the London Stock Exchange, then settled back to close at 379, up 6 pence from Tuesday's close. Market forecasts for 1986-87 pretax profits had been around £117 million.

Market and industry sources said uncertainty over Saatchi's intentions for expansion had continued since September, when the company made unsuccessful merger approaches to Midland Bank PLC and the merchant bank Hill Samuel Group PLC. Saatchi had put out word that it was eager to diversify into financial services.

Southland Revises \$1.5 Billion Financing

United Press International

DALLAS — Southland Corp. has filed a revised plan for a \$1.5 billion public debt and warrant offering to finance a merger with the investment firm owned by its founding family.

Southland is the parent of the 7-Eleven convenience store chain.

In a filing Tuesday with the Securities and Exchange Commission, Southland said the offering included \$350 million of senior subordinated notes due in 1997; \$402 million of senior subordinated discount notes due in 1997; \$300 million of subordinated debentures due in 2002, and 946,945 units consisting of an aggregate of 5947 million of junior subordinated discount debentures due in 2007 and 26.14 million warrants to purchase common stock.

Proceeds from the sale will provide a portion of the financing necessary to complete a merger acquisition of Southland by shareholders of JT Acquisition Corp. JT Acquisition is an affiliate of The Thompson Co., the investment firm of Southland's founding family.

The closing of the sale of the securities is subject to completion of the merger. Goldman, Sachs & Co. and Salomon Brothers Inc. are acting as underwriters for the offering.

Southland withdrew a similar \$1.5 billion offering Nov. 10 in a move attributed in part to a decline in the market for the high-yield,

high-risk issues known as junk bonds. But analysts also said then that there was a more fundamental problem: that too many bonds were backed by a company with too little profit.

Southland is the world's largest convenience retailer, with 8,296 7-Eleven and other units, as well as the Southland Foods Divisions' six food centers. It owns a 50 percent interest in Citgo Petroleum Corp.

and is the largest independent gasoline retailer in the United States.

Southland also said it was proceeding with previously announced plans to sell off nearly all its assets except for the 7-Eleven stores and its Citgo holding. Those assets include Chief Auto Parts, Tidel Systems, its dairies group and snack foods division, Reddy Ice, Southland Chemical/Food Labs, Movie-Quik and 1,000 7-Eleven stores.

Argyll Group Pretax Profit Nearly Doubles in Fiscal Half

Reuters

LONDON — Argyll Group PLC reported Wednesday that pretax profit for the six months to Oct. 10 was £75.4 million (\$135 million), almost a doubling from £38.2 million a year earlier.

Revenue for the British supermarket chain was £1.69 billion, up 59 percent from £1.06 billion in the comparable period of 1986.

Argyll reported that profit before tax and exceptional items rose 112 percent to £80.8 million. The exceptional items included costs of the first phase of reorganization relating to the group's acquisition of the British arm of Safeway Stores Inc.

Argyll's continuing businesses and Safeway, bought in January for £681 million, produced an operat-

ing profit of £75.9 million, up 34 percent from £56.5 million a year earlier, the company said.

Last year's results, for 26 weeks ended Sept. 27, 1986, were restated on a 28-week basis comparable to this year's results.

Argyll said that current trading was in line with expectations and that the outlook was encouraging.

"For next year and beyond, the application of Argyll's operating efficiencies and Safeway's strong consumer franchise to the fast growing Safeway store base provides the opportunity for substantial quality earnings growth," Argyll said.

In the first six months, seven new Safeway stores were opened, increasing the total to 142.

Herrhausen Set To Be Deutsche's Sole Chairman

Reuters

DUSSELDORF — Alfred Herrhausen, co-chairman of Deutsche Bank AG, will take charge of West Germany's largest bank when the other co-chairman, F. Wilhelm Christians, steps down in May. Mr. Christians said Wednesday.

The decision, which must be approved May 11 at the annual shareholders meeting, is a departure from the policy of having two chairmen, which began with the departure of Josef Abs as chairman in 1967, a bank spokesman said.

Mr. Christians, who is at the job's mandatory age limit of 65, has presided over a decade of record profits at Deutsche Bank, whose power and influence extend throughout the West German economy.

Mr. Herrhausen, 57, a man of forceful intellect and conservative political views, became a full member of Deutsche Bank's board in 1971, and co-chairman in 1985, replacing Wilfried Guth.

Chancellor Helmut Kohl often seeks Mr. Herrhausen's advice on economic matters.

Dallas's First Republicbank Expects \$325 Million Loss

Reuters

DALLAS — First Republicbank Corp. said Wednesday it expected to post a fourth-quarter loss of between \$325 million and \$350 million, and that it would suspend quarterly common stock dividends until economic conditions improve.

It said it had declared quarterly dividends on preferred stock. A quarterly dividend of 25 cents a share had been paid on common stock.

In June, First Republicbank said it expected a loss for the full year and that it had increased its loan-loss reserves. Gerald Fronterhouse, chairman and chief executive officer of the bank, said Wednesday that "continued economic weak-

ness throughout Texas and the Southwest, particularly in Texas real estate, is having an unfavorable effect on First Republicbank's earnings performance."

He especially cited a continuing deterioration in current and anticipated appraised market values of real estate pledged as loan collateral and foreclosed properties.

More than half the 76 U.S. bank failures this year have occurred in states with economies dominated by the oil industry: Texas, Oklahoma and Louisiana. In late November, in the largest U.S. government rescue of a thrift institution, federal regulators closed Vernon Savings & Loan Association in Dallas and pledged \$1.3 billion to support its successor.

Pilots, in Blow to Unions, Settle With Pan Am

New York Times Service

NEW YORK — Pan American World Airways has struck an 11-hour deal with its pilots that could undermine a yearlong attempt by some of the airline's unions to find a buyer for the carrier and replace its management.

According to union sources, Pan Am and its pilots' union reached agreement Tuesday on a four-year contract that would give the pilots a major stake in the company in return for the \$55 million a year in concessions that the company had been seeking.

In making the agreement, the pilots appeared to be breaking with the union coalition that persuaded the Pritzker family, owner of Braniff Inc., to make an offer for Pan American World Airways, a unit of Pan Am Corp.

The agreement came just before the board was to meet to consider the Braniff offer. At the meeting, the directors decided to take no action on the offer, union officials and sources close to the board said.

It was unclear why the pilots had agreed to make the concessions after working so hard with three other

unions to find an outside investor interested in acquiring the airline.

However, some sources in the pilots' union, which is part of the Air Line Pilots Association, said many union members were deeply worried about how they would fare under Braniff's control. Under a contract with the association, Braniff's pilots are paid far less than Pan Am's and have to work more hours.

The sources said there were fears among some pilots and union leaders that Jay A. Pritzker, Braniff's chairman, might try to impose the Braniff pact on Pan Am pilots.

Union sources said \$30 million of the pilots' concessions would be in wages and \$25 million in the form of more flexible work rules.

Margaret Brennan, head of both the Independent Union of Flight Attendants and the four-union coalition that includes the pilots, flight attendants, the Teamsters and the Flight Engineers International Association, said it was highly unlikely that the other unions would make similar concessions to the current Pan Am management.

She insisted that the pilots' agreement would not be fatal to the

coalition's efforts to find a buyer, and said the pilots still could agree to give concessions to the Pritzkers or some other buyer.

Pan Am's largest union, the Transport Workers Union, did not join the coalition and has been seeking to negotiate a new contract.

The coalition had given the Pritzkers a signed letter in which it promised to support a plan for the unions to make \$200 million a year in concessions if the Pritzkers gained control of Pan Am and provided new management and new capital. Members of the individual unions still would have to ratify those concessions.

Still, the pilots' new contract seemed to give Pan Am's management significant leverage in its fight to extract the concessions from other unions needed to make the debt-burdened airline financially viable.

The pact also represents the first real breakthrough that the management team headed by C. Edward Azker, Pan Am's chairman and chief executive, has had in attempting to persuade Pan Am's board to support its business plan and reject outside offers.

SPACE: U.S. Awards 4 Contracts for Station, but Federal Deficit Cuts Loom

(Continued from first finance page)

ice charge that NASA's budget of \$13.6 billion for the first and largest phase of the program vastly understates its likely final cost. Some estimates are that the station could eventually cost \$30 billion.

The program also faces logistical and political hurdles. Debate continues about whether the station should have a military role. Progress in arranging participation by European countries, Japan and Canada has been slower than expected. And some scientists are questioning whether the money could be better spent on unmanned programs, or a scaled-back station.

Many experts think that changes in the program's magnitude, or at least in its schedule, are inevitable. The winning companies, however, viewed the receipt of the contracts not only as a financial victory but as a sign that the U.S. space program was finally getting back on track nearly two years after the explosion of the space shuttle Challenger. The Soviet Union, moreover, has gained a substantial edge in manned space flight with its Mir space station.

Mr. Pike said that many experts see the station as "a capability in search of a mission."

Supporters see the station as the gateway to using space as a labora-

any, profit on the program for several years at least. The payoff, they said, would come if the station is expanded or becomes the launching point for more ambitious space

for the contract in what analysts said was the closest of the competitions.

McDonnell Douglas won a contract to build the structural framework of the station and its guidance, navigation and control systems. It estimated the cost of the first phase of the work at \$1.9 billion, but analysts think the total value of the contract eventually will be about \$4 billion.

McDonnell Douglas edged out Rockwell for that contract. But Rockwell, through its Rocketdyne division, won a separate contract to build the station's solar power system. That contract is initially worth at least \$1.6 billion and could reach \$2.5 billion or more.

General Electric's contract is to build a free-flying platform that will carry scientific instruments in a polar orbit. Much of the work is expected to be done in Pennsylvania and New Jersey. The contract's value will be at least \$800 million, although many experts think the free-flying platform will be the first part of the program to be eliminated or delayed if budget cutting threatens the station.

Analysts said the companies would not make much, if any, profit on the program for years at least. The payoff would come if the station became a launching point for more ambitious exploration and research.

tory for scientific research and commercial applications, including development of pharmaceuticals and high-technology materials for computers.

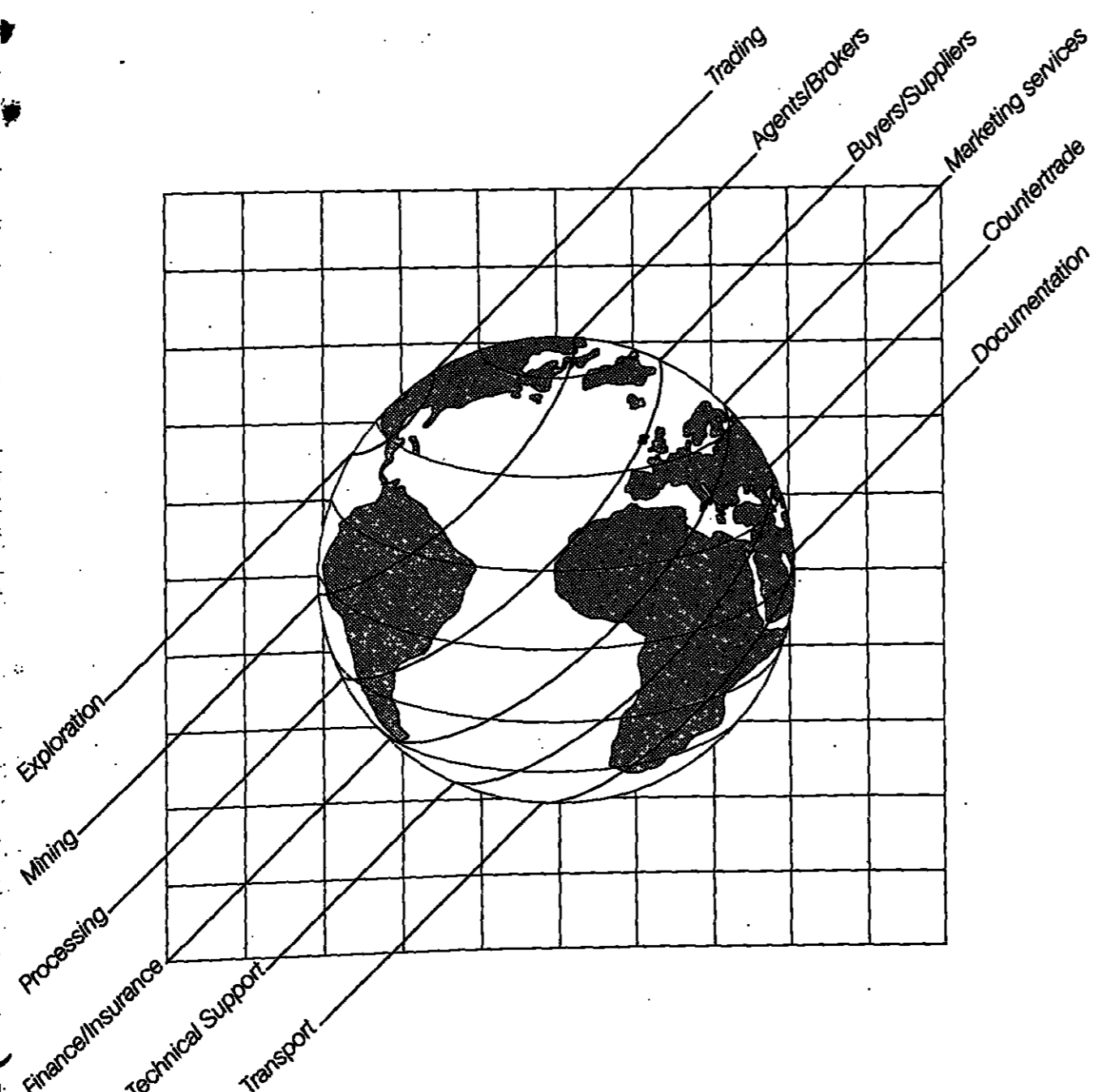
Some space experts question NASA's reliance on the space shuttle to ferry the station's parts into space, where they will be assembled, something like a Tinkertoy, by space-walking astronauts.

Analysis said the winning companies would not make much, if

exploration or commercial research and manufacturing activities.

Work on the station is divided into four packages. Boeing will lead a team that will build the living and working quarters. It estimated the cost of the first and largest phase of the work at \$750 million. That figure does not include its profit margin or reserves for unexpected expenditures, and analysts think the total contract could eventually be worth more than \$2 billion.

Boeing beat out Martin Marietta



Metalgesellschaft Strong Links to World Markets.

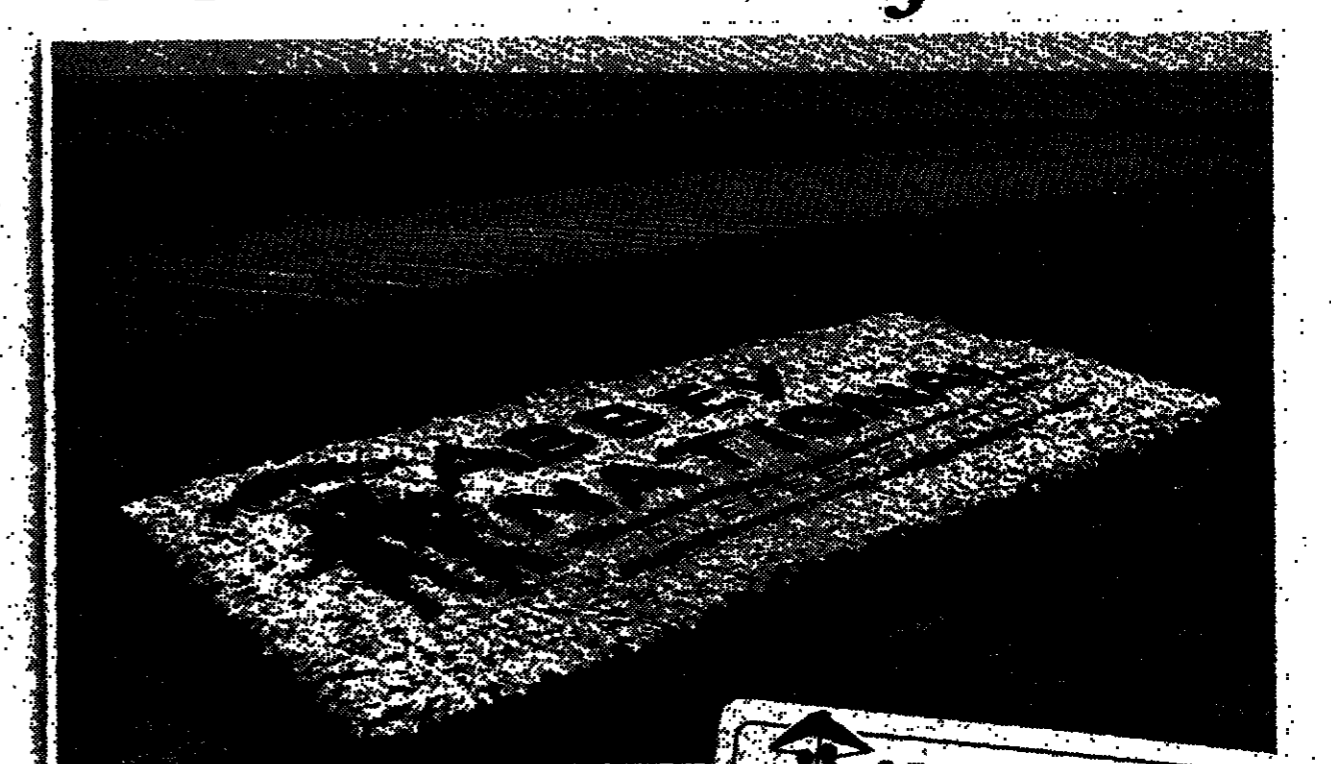
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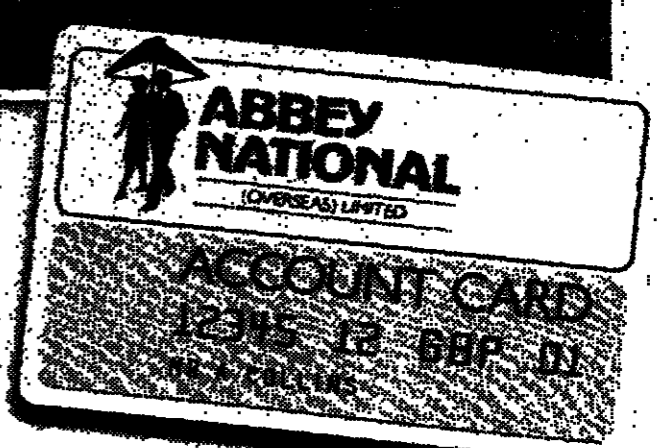
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CURRENCY MARKETS

Dollar Lower in New York Trading

Compiled by Our Staff From Dispatches NEW YORK — The dollar fell Wednesday in New York against major foreign currencies...

London Dollar Rates table with columns for currency, bid, and ask prices.

frances from 1.3490 and to 5.6198 French francs from 5.6088. The British pound slipped to \$1.8120 from \$1.8185.

ment to stabilize currency values, economists say. But doubts crept in during Wednesday's trading when Finance Minister Gerhard Stoltenberg of West Germany appeared to rule out an early Group of Seven meeting...

Gold Prices Ease By \$2.50 in N.Y.

NEW YORK — Gold prices eased Wednesday as dealers sold on expectations that a cut in West Germany's discount rate would boost the dollar.

Markets Focus on Odds of Bundesbank Rate Cut

By Ferdinand Protzman International Herald Tribune FRANKFURT — The Bundesbank, West Germany's central bank, is expected to cut its discount rate Thursday to 2.50 percent from 3.0 percent...

accord, which stabilized foreign exchange rates for about six months. Other sources said the central bank was aware that a discount rate cut was likely to have only a fleeting positive effect on the dollar.

Swiss Cut Expected to Follow The Swiss National Bank may match any discount rate cut by the Bundesbank as a gesture of international solidarity and to prevent the Swiss franc from rising against the mark...

BONN: Reaction Mixed on Package to Stimulate West German Economy

(Continued from Page 1) and bankers, the government's move was not expected to have much impact, but many still greeted it as an indication that the government was at least recognizing the need to take initiative.

I see real change in attitudes concerning macroeconomic policy with both the central bank and the government. Mr. Lipp said the offer of credit through KfW was one of the few easily accessible instruments the government had at its disposal.

The West German banking association, BDB, said it was doubtful that the plan would be enough to stimulate the economy. "Additional tax measures would be more effective," a BDB statement said.

of Deutsche Bank AG, West Germany's largest commercial bank, said, "It may be that this package is along the right lines, but whether it actually will have the desired effect is an open question."

Nippon Life Sees Dollar Lower Yet

Agency France-Press TOKYO — Nippon Life Insurance Co., Japan's largest private institutional investor, predicted Wednesday that the dollar would fall to 125 yen next year, mainly because of Japan's huge trade surplus.

Japan Rules Out Rate Cut

Agency France-Press TOKYO — Satoshi Sumita, the governor of the Bank of Japan, said Wednesday that the central bank would not lower its discount rate further in accordance with any cut in West Germany's rate.

Wednesday's OTC Prices NASDAQ prices as of 4 p.m. New York time. This list includes the 1,000 most traded securities in terms of dollar volume.

Table of OTC prices for various stocks including ABB, ABB, ABB, etc.

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Wednesday's AMEX Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

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SPORTS

Becker Has New Slant for Masters

By Peter Alfano New York Times Service

NEW YORK — It was good to be in Leimen, West Germany, Boris Becker said, where he could sample his mother's cooking and spend time with friends he rarely sees.

In the past three years Becker was swept off his feet in a whirlwind of events that were often beyond his control. Returning home on occasion gives him a chance to catch his breath and reflect on a relatively brief but tumultuous tennis career.

On Nov. 22, Becker turned 20. Many people his age have never been away from home. Becker, though, is already an experienced world traveler, better known in his country than the chancellor, a subject of intense scrutiny and great expectations.

He doesn't pine for the days when he was just one of the boys at the local tennis club. But he does appreciate how uncomplicated those times were. Falling into an old routine two weeks ago — even temporarily — was refreshing.

When I'm together with the guys, it gives me a chance to think about what has happened to me the last few years. I think, "What did I do to get there?"

What he did was extraordinary. He won Wimbledon in 1985, at 17, becoming the youngest men's singles champion. He won again the next year, solidifying his position as a superstar and arguably, the most popular player in the world.

It was too much success, too soon, but no one apologizes for winning Wimbledon. "If I could choose, though," Becker says now, "I would win Wimbledon for the first time at 20. I think I would have enjoyed it more and dealt with it better."

The past three years have been rewarding and exciting, but on occasion also humbling and disappointing. Becker is ranked fourth in the world — quite an achievement for a 20-year-old — but at the Masters



Boris Becker, coping with questions at a press conference in New York before the Masters.

tournament, which began Wednesday night at Madison Square Garden, he was facing questions about his comeback plans for next year.

He has won only three tournaments in 1987. He was a semifinalist in the Australian and French Opens, but lost in the second round at Wimbledon and the fourth round in the U.S. Open. Wimbledon was especially crushing. "I'm not the Wimbledon champion anymore and you can't be happy about that when you're a tennis player," Becker said.

He played without the guidance of a coach for most of the year, having dismissed Günter Bosch last January. He was involved in a political controversy when officials of the United Nations Children's Fund dismissed him as its goodwill ambassador because he was not a signatory to the Convention on the Rights of the Child.

Becker has also been nagged by aches and pains, which contributed to a loss of enthusiasm. His luck didn't change last week, when he was beaten in the third round of the Young Masters tournament near his hometown. He complained of a cold and an injured knee.

In the face of adversity, Becker has tried to be philosophical. He does not want to be burdened with the responsibility of living his life

to please others. Of his ups and downs this year, he said: "It is not a crime. There is a period of life when you have to see the other side. You know what it feels like to be on top of the world. Being No. 4 is not so terrible."

The numbers say Becker has taken a backward step. Entering the Masters last year he was No. 2, and feeling heady about the coming year. "Everybody expected me to be No. 1," he said, including himself.

Improving as a player, however, represents only one aspect of maturity, Becker said. That is why the year has not been much this year about life, he said, "I realize that nothing good comes easy. And I realize that, maybe, I don't want to make it to the top too quickly. I might not stay there very long."

Becker cited the problems that Björn Borg and John McEnroe had after becoming No. 1. He said he thought that Ivan Lendl's slow but persistent climb insured a longer stay at the top. Only three years ago, Becker would not address the subject of burnout, saying his career was only starting.

"Now, I am kind of an oldie," he said with a laugh in his voice. "I had to learn all this on my own."

With a nation watching his every move, however, Becker does not have the luxury of working out problems in privacy. He remains a

national hero, even if the West German news media there have tried to knock him off his pedestal.

"I couldn't understand that at all in the beginning," Becker said. "I can deal with it now. The people see me as a different kind of human being. For them, I bring two hours of good feeling when I play. That means a lot to the average guy who works 9 to 5. And it's a big honor for me."

The UNICEF experience taught him to be more careful about the choices he makes. Becker has spoken out against apartheid in South Africa. He has said he does not still plan to play there again. Yet he is still on a United Nations blacklist for having been to that country with a junior team at the age of 16.

"I am more than a tennis player," he said. "I am an ambassador of sports, like Maradona and Mike Tyson. We stand for something. I think that politics is one thing and sports another, but people like sportsmen, not politicians. They think we can do more."

How he will do this week is anyone's guess. In the round-robin phase, Becker will face Jimmy Connors on Thursday, Brad Gilbert on Friday and Lendl on Saturday.

"I think I can play like I should," he said. "I'm eager and in a different groove. I want to show people that the guy in Leimen can still hit a few tennis balls pretty good."

Tyson to Defend Against Holmes Jan. 22

United Press International

NEW YORK — Larry Holmes, a 38-year-old grandfather, says it's time to teach 21-year-old heavyweight champion Mike Tyson some respect.

Holmes, who held the heavyweight title for more than seven years, will end a 21-month layoff when he challenges Tyson Jan. 22 in Atlantic City, New Jersey. When the two met at a news conference Tuesday to announce the fight, Holmes was upset at what he considered a snub by Tyson.

"I always shake hands with my opponents," said Holmes, who is 48-2 lifetime. "When I reached out to shake Mike Tyson's hand, he pulled away. I'm a people person. I'm a people's champion. I know how to treat people and when Mike Tyson learns that he'll be a great human being."

But he did praise Holmes as a fighter. He said it is unfair to liken Holmes to other heavyweight champions — such as Jack Johnson, Joe Louis and Muhammad Ali — who failed miserably in comebacks.

"I take the fight seriously," Tyson said. "You can't compare Holmes to those other fighters because they no longer had anything to offer their opponents. They were shot. Larry Holmes can still fight. He went 15 rounds in his last fight and he won. They just didn't give it to him."

That was a 15-round split decision loss to Michael Spinks on April 19, 1986. Spinks had

taken Holmes' International Boxing Federation title with a close decision in their first bout the previous September.

Holmes is expected to earn \$3 million and Tyson at least \$5 million for the scheduled 12-rounder.

Tyson said the Holmes fight should be tougher than his last bout, a seventh-round knockout of Tyrell Biggs Oct. 16. "You can't compare a guy who was a world champion for over seven years to a guy who only won an Olympic medal," he said.

Tyson became the unified heavyweight champion when he won a 12-round decision over Tony Tucker Aug. 1. To take the IBF belt, he won the World Boxing Council title from Trevor Berbick last year and the World Boxing Association crown from James Smith in March.

Swiss Women's Cup Ski Team Not Panicky — Yet

United Press International

VAL D'ISERE, France — It's not time to hit the panic button yet, but Switzerland's women ski racers are off to a distressingly slow start this World Cup season.

After three events, the team that dominated the world championships last winter with an eight-medal haul and produced world champions in all four race specialties has yet to hit its stride.

Coaches and competitors are counting heavily on top finishes in downhill Friday and Saturday to put things right.

Sixth-placed Vreni Schneider is currently the top-ranked Swiss woman in the overall standings with 21 points, well behind the 40 Yugoslav Mateja Svet, the leader.

"After what we did last season, it will be hard to match our finishes," said Brigitte Oerli, third overall in 1986-87 behind overall titlist Maria Walliser and Schneider.

Walliser and cup downhill titlist Michela Figini are top hopes for

the season-opening downhill on the 2.1-kilometer (1.3-mile) OK glacier terrain at an altitude of 3,500 meters (11,480 feet). "We're in shape," said Jean-Pierre Forner, the head women's coach. "We know the girls are fine."

The skiing-mad Swiss sports press, however, has begun drawing its own contrasting conclusions.

"The End of the Swiss Dominance" was the headline in the newspaper Blick after Saturday's giant slalom in St. Moritz, Italy, where

Swiss coaches put their charges through a rigorous training on glacier terrain at an altitude of 3,500 meters (11,480 feet). "We're in shape," said Jean-Pierre Forner, the head women's coach. "We know the girls are fine."

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Schneider's 10th place led the Swiss women. Laisanne's Le Matin took a moderate stance with a race story under the headline "No Panic."

But on Monday in Courmayeur, Italy, Anita Wachter led a 1-2-3 sweep by the Austrian women; the best Swiss finish was Brigitte Gaudin's 11th place.

Training staff members said a victory would eliminate the tension in the Swiss camp. "A place on the podium in France would do a lot for our confidence," said one coach.

SCOREBOARD

Football

National Football League Leaders

Table with columns for National Conference and American Football Conference, listing teams and their records.

Basketball

National Basketball League Standings

Table with columns for Eastern Conference and Western Conference, listing teams and their records.

College Sports

U.S. College Results

Table listing results of various college sports events.

Transition

Table listing various sports-related news items and transitions.

NBC's Falling for the Knight Gambit

By Michael Goodwin New York Times Service

NEW YORK — That sports broadcasters are generally two parts business to one part journalism is an inevitable conclusion for anyone who watches and listens carefully. But now and then an incident comes along that clearly depicts just how out of balance the television business is.

Consider the case of NBC-TV and Bobby Knight.

The network holds the rights to the 1988 Summer Olympics and has been searching for an additional basketball commentator. Among those it has contacted is Knight, the coach of Indiana, the defending national collegiate champion.

The championship was the third Knight has won at Indiana and it added to the many accomplishments of his 22-year career, during which he has amassed a .735 winning percentage. A winner for sure.

But Knight is almost as well known for his loser's behavior. There was his conviction, in absentia, for assault on a policeman in Puerto Rico eight years ago. In 1981, he got into a shouting match with a fan from Louisiana State.

In 1985, he threw a chair across the court as his team was losing. And less than two weeks ago, he forfeited a game against the Soviet national team by pulling In-

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(Continued from Back Page)

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ART BUCHWALD

Wooing the Wimp Vote

WASHINGTON — "George Bush is making a mistake," Whiner told me. "In what way?" I asked. "By declaring he is not a wimp because he is alienating the wimp vote in the country."

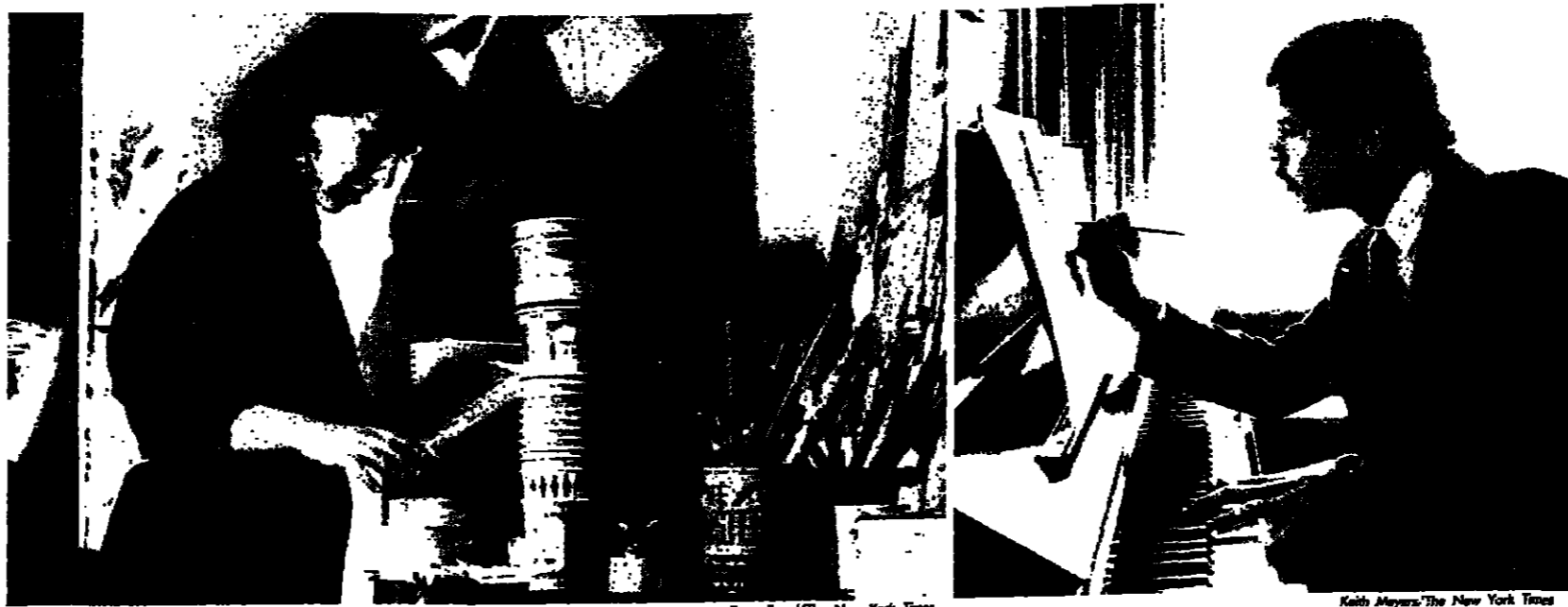


Buchwald

House Votes to Make Sousa March Official

WASHINGTON — The House of Representatives has unanimously approved legislation to designate John Philip Sousa's "The Stars and Stripes Forever" the national march of the United States.

Out but Not Down in Bohemian New York



Abbaye Smith, a painter, discovered need for discipline; Kenneth Fuchs, a composer, endured housing "horror story."

NEW YORK — James Fitzsimmons eats candy bars for lunch because they are cheaper than a sandwich, thinks twice about parking with \$1 for a subway ride and has his vocabulary for the word "taxi."

School, said writing workshops are in demand. Joseph W. Polisi, director of the Juilliard School of Music, said applicants are plentiful. "Establishing your career in the Western world means establishing your presence in New York," he said.

building was purchased, and after a two-year court battle, Fuchs was evicted. High rents forced him to settle in Inwood, where he pays \$850 a month for a smaller apartment and must take a long subway commute to Juilliard.

young I didn't realize I had to be so disciplined," Smith is again pursuing her art here and shares a flat with a friend. She works on displays in retail shop windows, or designing textiles. The rest of the time she paints at a studio cooperative.

Two Cézanne Notebooks

Are Donated to Museum Two Paul Cézanne sketchbooks valued at \$4.5 million have been donated to the Philadelphia Museum of Art by Walter Amersbach.

Prince Charles urged city planners to repair what he called "damage of architects who have wrecked the London skyline as 'desecrated the dome of St. Paul.' Do we still have to strive to be stunted imitation of Manhattan's 39-year-old heir to the Brit throne asked a gathering of planners as he attacked the proliferation of skyscrapers.

King Baudouin of Belgium named the French choropgraph Maurice Béjart, 59, a Grand Officer of the Order of the Crown. T founder of the Ballet of the 20th Century left Brussels this summer after a stay of 27 years following conflict with the director of L Brussels opera. Béjart said he would like to see new artistic challenge with a new dance group in Li sanne, Switzerland.

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International Classifieds advertisement for the Herald Tribune, listing various services and contact information.

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